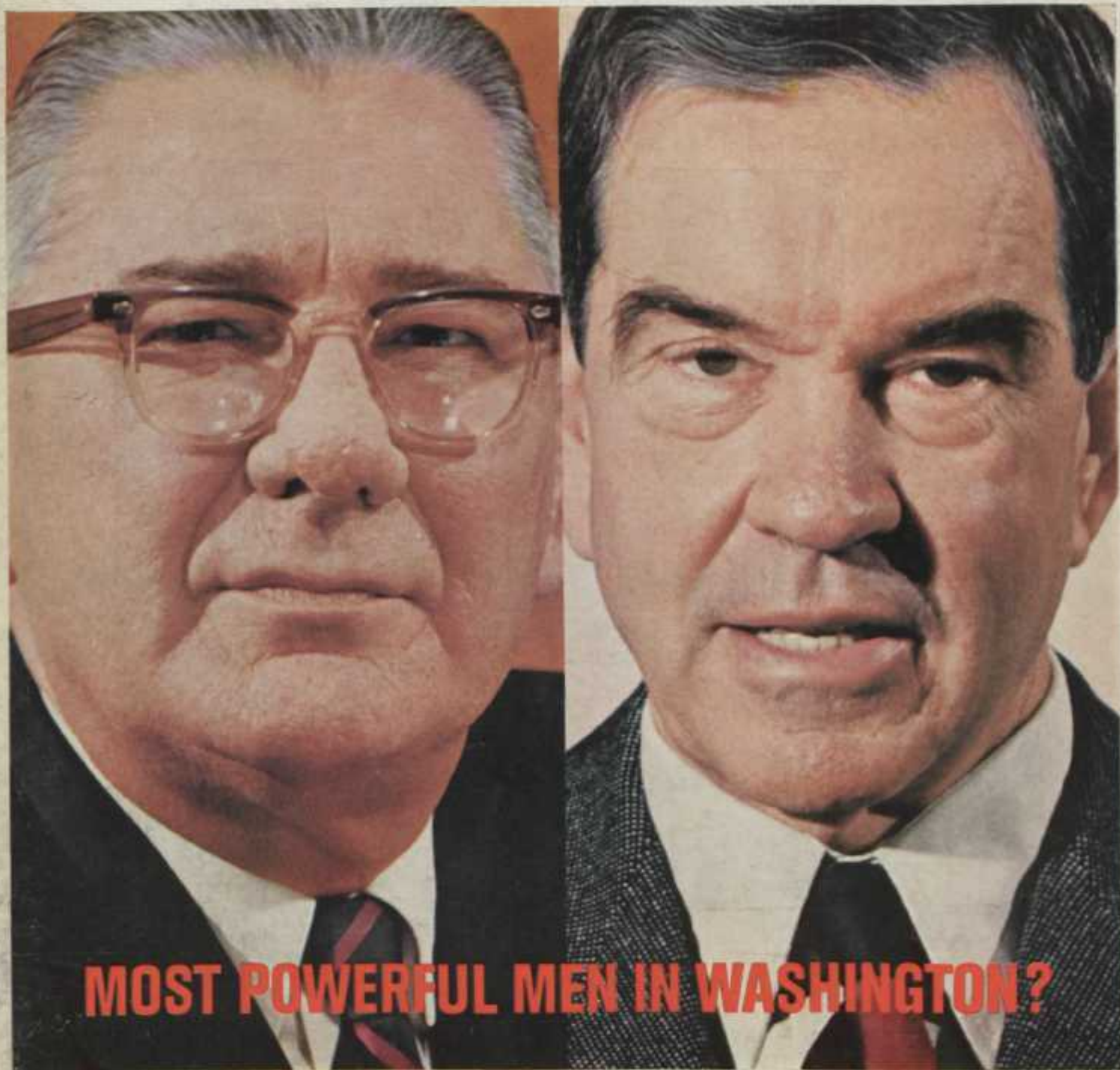


A USEFUL LOOK AHEAD FROM WASHINGTON

Index Copy

FEBRUARY 1968

Nation's Business



MOST POWERFUL MEN IN WASHINGTON?

PAGE 48

Unions' new targets and tactics

When war ends: World of opportunities

Why top executives change jobs

When you build a truck right...



Full-cab comfort and convenience



Wide-track maneuvering ease



Wide-open engine accessibility

it looks like a truck...



like a Ford Medium/Heavy.

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Nation's Business

February 1968 Vol. 56 No. 2

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The national federation of organizations representing
4,750,000 companies and professional and business men
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Cover photos: Bob Allen, A. Y. Owen—Black Star

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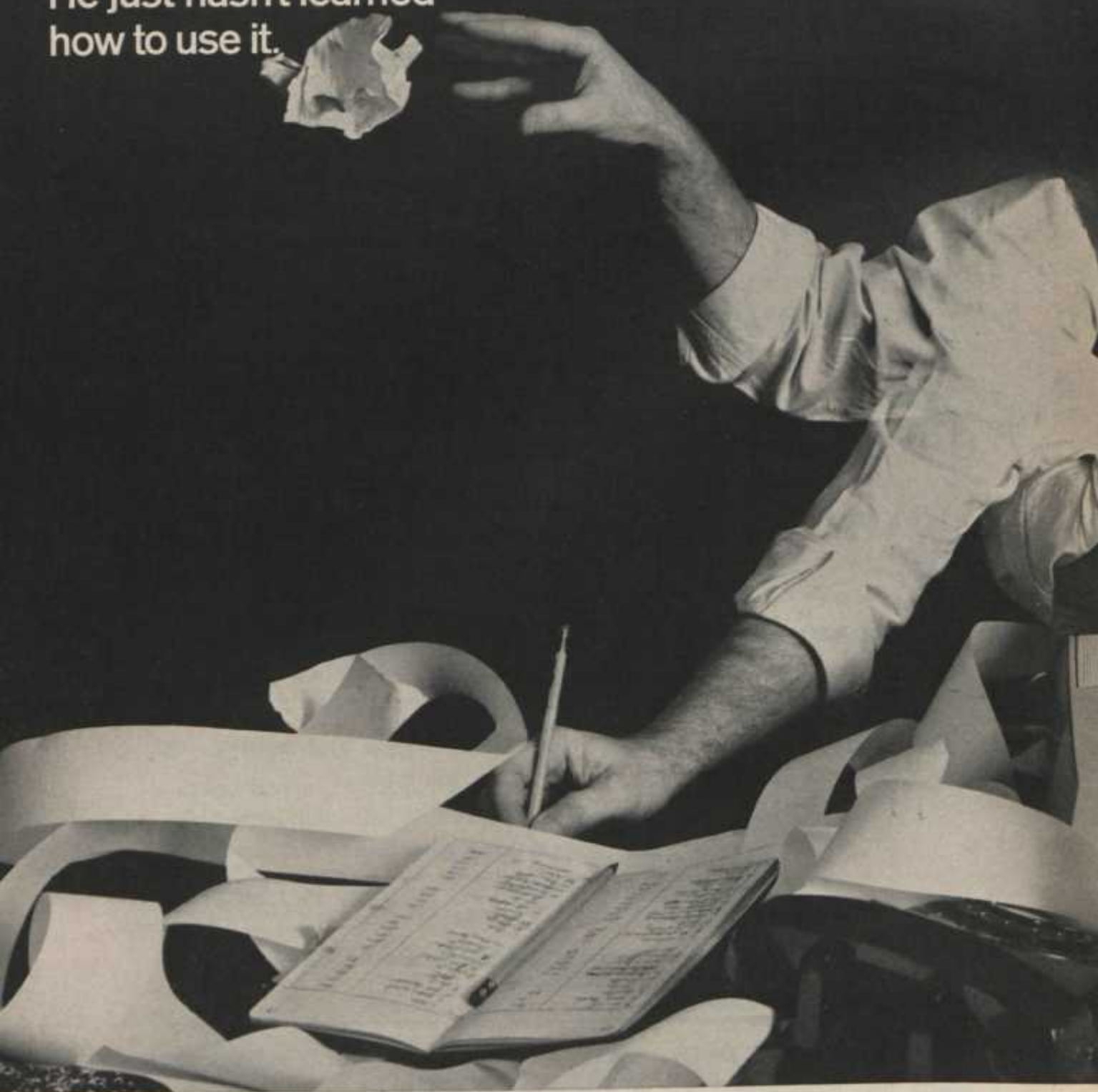
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This man's plugged into
the largest information
network in the world.

He just hasn't learned
how to use it.



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paper? He thinks that's a telephone.

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into the network to speed error-free invoices to customers.

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how the network could help customers get information
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for H. K. Porter Company, Inc. to keep track of 36,000



items in seven warehouses and eight producing plants.

Remember: a phone is just a phone until you learn how to use it. That's why we keep a man on our payroll called a Communications Consultant. You can reach him at your Bell Telephone Business Office.

His job—to show you how to plug into the world's largest information network.



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and Associated Companies

If your key man dies, we'll help your company hold the fort.



One man. The loss of one man is sometimes all it takes for a prospering company to face a financial struggle.

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He'll also show you how the cost of our life insurance, for millions of our policy owners, is currently at an all-time low. Your New York Life Agent: a good man to know!

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WASHINGTON: A LOOK AHEAD

Can do-gooding be profitable, as well as charitable?

This flinty question is now being asked by many an American businessman.

The sickness of the cities has pricked the conscience of many executives. Business has been caught up in the wave of concern over metropolitan maladies ranging from riots to real estate values.

But now a new chapter in the adventures of business versus social woes is about to open.

It will involve a whole new federal government effort to put business to work with specific contracts, subsidies, incentives aimed at tapping the profit motive.

It will entail shakedown cruises over the shoals of actual public problems to see just what business can and cannot do and at what cost and what return.

It will also mean a battle with the Far Left, which sees business involvement in national social problems as a menace to the public weal.

The Johnson Administration is turning to business eagerly. Key White House aide Joe Califano talks of developing government-business "public interest partnerships."

Certainly government by itself hasn't solved America's most complex problems now centered in the nation's cities. Urban renewal, public housing, welfare, the anti-poverty program have fallen short of goals.

Specifically, \$100 million since 1960 in federal funds to Detroit, and upwards of half that in Newark didn't avoid last summer's riots.

Some businessmen see today's challenge as a kind of social Pearl Harbor, that we need mobilization of wartime proportions to bring the unprepared minority into our industrial system before we rush ahead into ever more sophisticated and technical realms.

Hear a few typical corporate declarations:

Lammot du Pont Copeland; chairman of Du Pont: "Business must act in concert with a broad public interest and serve the objectives of mankind and society or it will not survive."

George Champion, chairman, Chase Manhattan Bank: "I can think of nothing that would put the brakes on Big Government faster than for business to identify critical problems and take the initiative in dealing with them before Washington felt the need to act."

Charles Y. Lazarus, F. & R. Lazarus & Co.: "We have to put our community environment as high on our priority list as our daily balance sheets."

Business is also putting its money where its mouth is. And it's nothing new.

Some 25 years ago, Pittsburgh businessmen formed the Allegheny Conference on Community Development that plunged into a bold community improvement program. As early as 1955, Sears set up an urban affairs unit.

And in the recent surge of concern over hard-core jobless, urban deterioration, riots, welfare costs, public education failings, crime, congestion and despair, business has pitched in with such diverse projects as:

Michigan Bell's adoption of a ghetto school to spur training, guidance, work experience; Raytheon's sending of company specialists to Boston schools to upgrade curriculum; Montgomery Ward's tutoring of Chicago Housing Authority tenants in reading;

Inland Steel's use of Negro executives on TV to broadcast job openings; Whirlpool's studies aimed at day care centers for working mothers;

Eastman Kodak's plan to finance ghetto businesses in Rochester; J. L. Hudson Co.'s dropout employment program; Control Data's Minneapolis slum plant; Ford's employment centers in

WASHINGTON: A LOOK AHEAD

Detroit's inner city; Metropolitan Life's youth motivation programs.

As National Urban League's Whitney Young says: "Government serves to stimulate action and, in some cases, to subsidize it, but it is only when the initiative, imagination and creative skill of the private sector are engaged that we get real and substantive results."

One new business-government program the Commerce Department has been testing in five cities is judged a success. It deals with the nub of the problem—hard-core jobless in big cities. In the test cities dozens of businesses have contracted with Uncle Sam to counsel, train, motivate, put to work bottom-of-the-barrel people.

LBJ would spend \$2 billion to put 500,000 of them to work.

Businesses that get into this effort will likely be entitled to a range of aids from Uncle: training money, surplus federal land for lease or sale, preferential procurement treatment for defense work, Small Business Administration loans, subsidized interest as a leg up in the money market and contracts with profit incentives scaled to their degree of success.

New laws due for passage this year will also provide subsidies for private investment in slum housing and subsidies or tax incentives for slum plants.

But as business and government both get close enough to touch urban problems, many questions still need to be answered.

Roy Ash, Litton Industries president, for instance, says we have to decide: What should be a minimum level of income, what should education offer, what level of crime will we tolerate, what standards of housing, and what is the priority for each?

Roy Ash also notes that managerial thinking and advice on a cost-benefit basis "may turn out to be of more value than all the money the cities are rushing to get from Washington."

Robinson Barker, chairman PPG Industries, says individual firms can act alone or with

others on a local or national basis, with industry or trade associations. "We can encourage employee awareness and participation and we can present our views to Congress, the state legislature and city council."

Some corporate executives believe the problem solving concepts developed for complex defense and space projects can be applied to urban problems.

Gen. Bernard Schriever, who put systems management approach to work in missile-aerospace programs, now has assembled a multi-company group available for contract with government to make supersystems studies of crime, housing, transportation, pollution, other problems of the city.

Many businessmen are convinced that they have the perspective, inventiveness and know-how to solve these problems. Some believe they can do it and make a profit.

Others take a long-range, combination profit-service view. In addition to moral motives, if you train a man to work he not only gets off welfare and becomes a taxpayer he is a better customer. So the thinking goes.

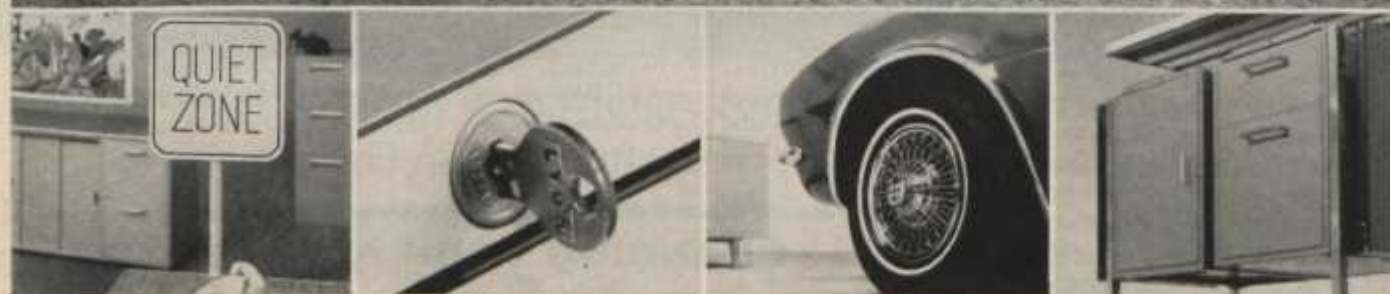
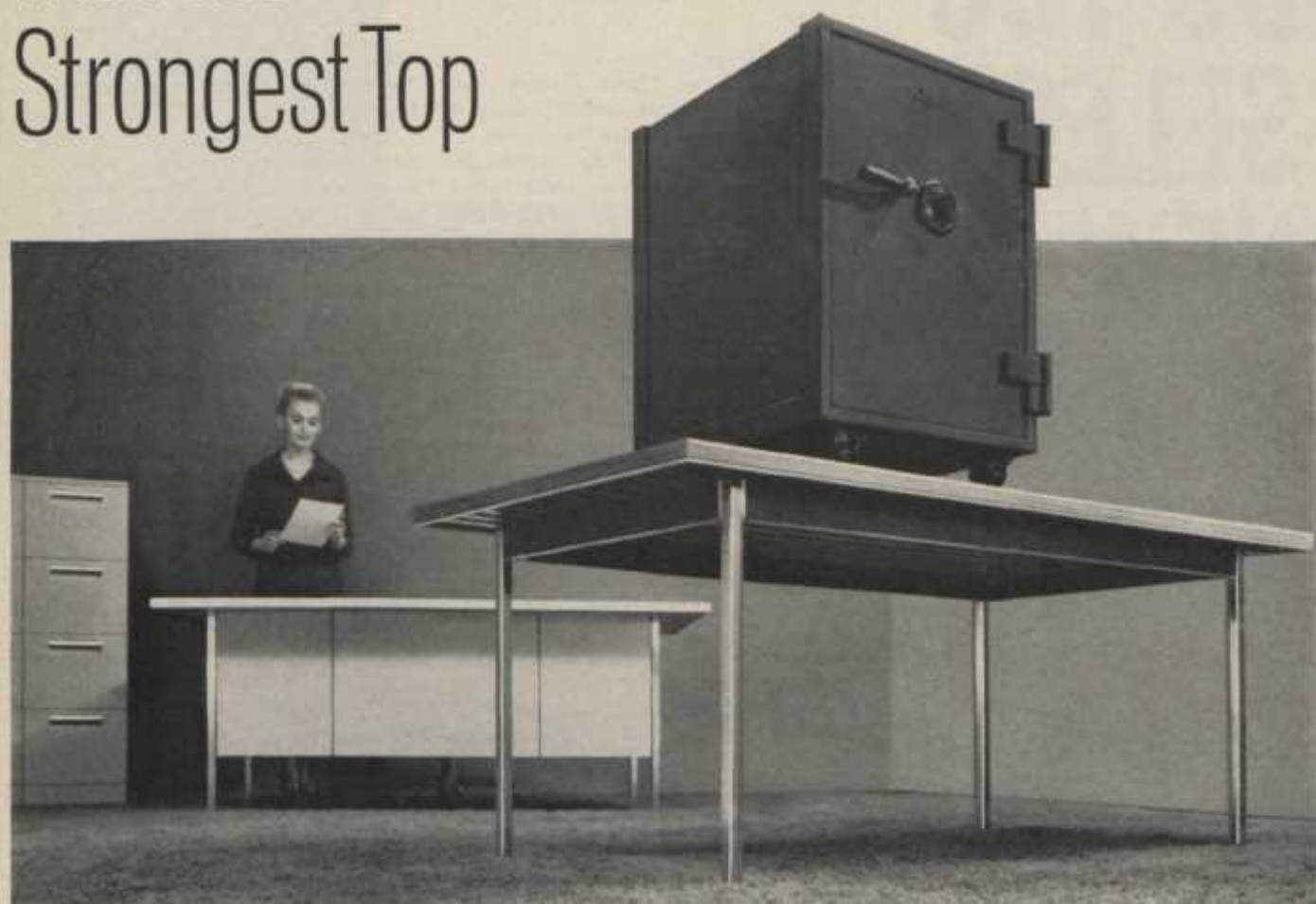
As selfless executives strive to meet the crisis in the cities, try to find their most appropriate role, left-wingers already are harping.

Michael Harington, for instance, author of "The Other America," whines that "Business methods . . . inevitably lead to antisocial results." He contends the commercial and human approach are basically at odds and incompatible.

Others of like mind call for guaranteed incomes and other pay-off schemes for those who don't care to work, perhaps unaware that it could cost \$25 billion or so.

Businessmen might not be able to solve all the world's woes. But at least, businessmen deal in the science of getting the most from their resources. It's a discipline that has brought America the highest standard of living ever known.

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Executives in more than 1,300 plants across the U.S. were questioned regarding the factors that influenced their plant location decisions.

The four most important factors they listed—in order of frequency of mention—were highways, labor, land, and markets. Rail service and raw materials followed.

Highways ease shipping problems and also make it easier to draw on a larger local pool of labor, which accounts for their dramatic effect in promoting industrial decentralization. Firms at freeway sites on the fringe of metropolitan areas are able to serve the central city, a large suburban area, and the hinterlands as well.

Naturally, all this is not made possible by highways alone. It is motor transport, fast and flexible, that works with the highway system to give industry greater freedom than ever in its choice of sites.

American Trucking Industry
American Trucking Associations, Inc.
Washington, D. C. 20036
THE WHEELS THAT GO EVERYWHERE



Business opinion:

Credit counselors give free service, too

To the Editor:

Your article, "Debt Clinics: Rx for the Poor" [December], does a deep disservice to the hundreds of men who have spent their lives as ethical and legitimate credit counselors. The article, by mentioning only the abuses and not the fact that the profession is regulated and respected in many states, maligns us all.

In the states where counseling is regulated, it has been achieved as a result of the efforts of the ethical counselors themselves and in spite of the opposition of those who, for commercial reasons, would like to see the activity prohibited.

The members of our association approve of these community counseling services and have helped in their establishment wherever that help was asked for or was welcome. We feel that today's debtor-consumer needs all the help he can get wherever it can be made available.

We happen to believe that the debtor should pay all or part of the cost of the service because free services must continually struggle for funds and tend to become creditor, rather than debtor, oriented. We do not believe we are adding "just another bill" to the debtor's load, but that by being free to give him unbiased advice on budgeting, the proper way to use credit, where and how to buy and the mathematics of

interest charges, we will save him many times our charge in the years to come.

Our members perform a great deal of free counseling in our communities. Whenever there is an ethical and more simple solution to a debtor's problem than setting up a money management program, the debtor is advised and sent on his way without charge.

Our members take part in the business and charitable activities of their communities. They belong to Better Business Bureaus, Chambers of Commerce, Credit Bureaus and ICCA Groups. They do a good job for the debtor at a reasonable cost. They can give him honest advice because they are not dependent on a particular creditor or group of creditors for their income.

We feel that we deserved better treatment at your hands.

HARRY C. KASSON
Secretary
American Association of Credit
Counselors, Inc.
Cincinnati, Ohio

To the Editor:

In your article, "Debt Clinics: Rx for the Poor" [December], we believe that you have done a serious disservice to the professional credit counselor by failing to so much as mention him. We know, of course, that there are dishonest counselors, but to attempt to hang this label

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George told us it's done wonders for him. He found that Catalina's longer 121-inch wheelbase absorbs those country road irregularities, instead of his backbone. That Wide-Track straightens curves almost effortlessly. And with all that Pontiac styling going for him, he now arrives at front doors of clients.



So before you make your next fleet car purchase, take a hint from the B. K. Elliott Company and give the guys who drive your cars a break. Just see your local Pontiac dealer, or contact our Fleet Sales Department, Pontiac Motor Division, Pontiac, Mich. 48053.



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Start by sending for your copy of the booklet. Then look up your Inland Building Specialist in the Yellow Pages under "Buildings-Metal."

Every building starts with ideas. Inland can help you with new ideas in buildings.

**Mind if we
give you a
little free
advice?**

Business opinion:

on all counselors, simply because they charge, is ridiculous.

You mention the outlaw bills in 22 states, but you forget to mention the 12 that regulate it. You give credit to the finance companies who organized the so-called "free clinics" as the fathers of the industry, but forgot to mention the important role being done by ethical counselors since before 1937.

Counseling is a new field and much about it is misunderstood. Time will prove that the most effective way to handle these debt situations is through the regulated, honest counselors.

L. M. FINLEY
President
Debt Reducers, Inc.
Portland, Ore.

To the Editor:

As a licensed and bonded credit counseling firm, bonded for \$25,000 and operating under the debt management law of Utah, I feel that your article did not give the full story or the facts regarding this important phase of the credit business. The author mentioned that pro-raters were outlawed in 22 states. He could have also explained that 13 states, of which Utah is one, have strict laws regulating fees, disbursement and other important phases of the business.

Our organization helped over 189,150 families in 1965. Many families were counseled without charge. The majority of the people who have come to us for our services would not accept charity and have done so to prevent having to take out bankruptcy because creditors have been unwilling to cooperate or they have lacked the ability to cope with the constant harassment and threats made by some sleazy creditors, who will sell any one anything and then resort to the courts to do their collecting for them.

ROBERT A. NICHOLSON
President
Budget Credit Corp.
Ogden, Utah

Fluoride dispute flares

To the Editor:

In fairness to some of your readers who have called or written asking me to answer some of Dr. Frederick J. Stare's remarks extolling the role of fluoride as an essential mineral nutrient in lessening dental decay and preventing osteoporosis, "How to Live Five Years Longer" [December], I hope you will publish some opposing views.

Dr. Stare, who is the most ag-

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Business opinion:

gressive and outspoken promoter of fluoridation in the United States, was instrumental in getting fluoride listed as "essential" by the Food and Nutrition Board of the National Research Council in 1958. Many eminent nutritionists have denied the essentiality of fluoride, pointing to the fact that fluoride has never been shown to be necessary for healthy teeth or for anything else in the body.

In answer to this same question, the late Professor C. M. McCay of the New York State College of Agriculture, Cornell University, replied:

"There is no evidence in the literature that fluorine is essential in the diet. There is adequate fluoride in all foods. As there is an excess of fluoride in human and animal feeds, there is no further need for it to be added to the diet."

As recently as March, 1967, the United States Food and Drug Administration wrote that fluoride is not necessary for health. The Food and Drug Administration recognizes fluoride as a drug and, in the opinion of many research scientists,

it is an extremely poisonous and cumulative drug even in minute amounts.

PHILIP E. ZANFAGNA, M.D.
President
International Society for Fluoride Research
Lawrence, Mass.

It's really New Mexico

To the Editor:

Business: A Look Ahead [December] says: "They're having a big blast (Project Gasbuggy) out in Arizona this month."

Arizona is a fine state; however, New Mexico is proud to have taken part in Project Gasbuggy and proper recognition should be made.

DONALD L. GAREY
Vice President and Managing Director
Industrial Development Corporation of
Lea County
Hobbs, N. M.

This may bug you

To the Editor:

Re Executive Trends item, "Competitors Bugging You?" [January]. Bugging and de-bugging is big business. At present, only the prices of these "bugs" keep them out of the hands of virtually everyone. They are readily available to most concerns from a large number of companies.

There is no doubt about it, eavesdropping is here to stay.

FRANK LATHAM JR.
President
Texas-Security Systems, Inc.
Austin, Texas.

Race for inner space

To the Editor:

"Bringing the Future into Focus" [December] was a fine article but I felt it contained a key omission, one regrettably, which I find in most articles dealing with the future. This has to do with the massive effort needed to win the "race for inner space"—the space between the ears. A matching amount of money, brainpower and effort currently expended for technological progress could pay off richly for humanity if it was directed toward determining the cause of man's lack of understanding of man.

In short, the wellsprings of human behavior should have our most acute priority. I hope NATION'S BUSINESS will play a major role in creating this emphasis.

J. D. BATTEN
President
Batten, Batten, Hudson & Swab, Inc.
Des Moines, Iowa

Spending whose money?

To the Editor:

In your editorial "The Risky Life" [December], you say that the politician, unlike the businessman,

spends "other people's money, not his own."

What's happened to the vaunted People's Capitalism of three or four years ago? I thought that the businessman was spending my money, too, since I bought a couple of shares of stock.

FRED D. ADAMS
Grapevine, Tex.

Refutes ghetto claim

To the Editor:

William Gross in his letter [December] says that the word "ghetto" should not be applied to the areas that American Negroes live in because "they can move as freely as their economic conditions enable them to." Mr. Gross is very much mistaken.

Negroes cannot purchase homes or rent apartments freely in this country. Real estate brokers generally refuse to show them dwellings in the more desirable areas. Banks and other lending institutions often refuse them mortgages in "white" areas.

In the past, in New York City, the lending institutions were formally organized into an association for the purpose of withholding mortgage lending from anyone who rented to Negroes outside certain fixed areas.

Perhaps Negroes in America have not been as severely restricted as Jews were in parts of Europe, but they have been and are restricted.

ROBERT J. RANDALL
Norwalk, Conn.

White House propaganda?

To the Editor:

"What LBJ Thinks about Businessmen Now" [December] sounds like pure propaganda from the White House. Why no author mentioned?

Please speak for yourself; all businessmen do not agree with your thinking on him.

MRS. A. STANLEY FOGLESON
Cleveland, Ohio

Commies do succeed

To the Editor:

Your article "Karl Marx Was All Wet" [November] shows that the economics of Marx has failed, but the fact remains that something has succeeded within 50 years in taking over one third of the world.

If short on the force of ideas, the Communists are long on the idea of force. In passing over this important facet of Marxism, you tend to foster false complacency about the spread of communism.

BERNARD J. BENISCHECK
Philadelphia, Pa.

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It must be from "earned income," however. Not income that comes solely from capital investment.

There's another break, too, Kalb, Voorhis & Co., New York financial consultants, point out. Every penny the pension fund earns is also tax free, while it accumulates.

The new Keough provisions apply to income earned this year.

Here's how many self-employed could set up retirement plans under the new, more liberal rules, Modern America Companies, Dallas group benefit consultants, estimate:

Lawyers, 300,000; doctors and dentists, 400,000; businessmen—proprietors or partners, 9.9 million.

Of course, your private pension plan must meet Internal Revenue Service rules and regulations. That's where you may well need professional help. Banks, life insurance companies and mutual funds have developed a variety of ways to invest in these easy-to-start plans.

How to pick growth firms

Here are some tips from one economist, and veteran stock-market ob-

server. Be sure that the company:

- Is one of the best managed, most profitable, in an industry that's growing at least twice as fast as the economy.

- Has doubled its sales in the past five years—or shows a compounded sales growth of at least 12 per cent annually.

- Ditto for net earnings.

- Has managers who are aggressive, imaginative, research minded, cost conscious—and own at least 30 per cent of firm's stock.

- Ploughs back most—65 per cent or more—of its earnings.

- Has profit margins that are high, and rising.

- Consistently earns 15 to 25 per cent on stockholders equity.

That's what Ira Cobleigh, author of "Happiness Is a Stock That Doubles in a Year," says. Then, he warns, remember this:

If you pick the hottest growth firm in the world, and buy or sell its stock at the wrong time, you can still lose your shirt.

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In Atlanta, that phrase has a new meaning.

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Ivy League route to the top

Have the stork deliver you in Illi-

nois or New York. Later, go to college at Yale or Harvard. Take an undergraduate degree in engineering or business. Top it off with a graduate degree in law—or an MBA.

That's the surest formula for corporate success, one survey shows.

More of today's company presidents were born in Illinois (11.3 per cent) or New York (11 per cent) than in any other state.

And more took their undergraduate degree at Yale (8.2 per cent) or Harvard (5.2 per cent) than at any other university. But Harvard is in a class by itself for graduate work. Nearly one third (31.6 per cent) earned their graduate degree there. The University of Michigan (5.2 per cent) is a distant second.

Then most (29.2 per cent) followed general administration as their route to the top. Marketing (21.3 per cent), finance (15.3 per cent), manufacturing (10.9 per cent), legal (9.0 per cent), engineering and scientific (5.7 per cent), personnel (2.7 per cent) ranked in that order as paths to the top job.

That's what Heidrick & Struggles, Chicago management firm, found in a survey of 492 presidents from nation's biggest firms.

But land-grant colleges turn out VIP's, too.

Earlier study by National Association of State Universities and Land-Grant Colleges shows that more than half of the top executives in biggest U. S. corporations are alumni of one of its 97 member institutions.

Dear sir—
or madam

Sure eats up time.

Reading mail, that is, and answering it.

It takes executives an average two to three hours a day. Even though most (53 per cent) have a secretary screen it first.

Nine out of 10 dictate replies—more than half to dictating machines.

The Dartnell Corp., Chicago business research publisher, got these statistics from a poll of some 3,000 U. S. executives. Here are some tips it offers on how your secretary can help you lighten this chore:

- Ask her to open all mail (except personal), underscore main points, attach previous letters or information you need to reply.
- Jot down notes—"Yes," "No," "OK Thursday 11 a.m."—on mail and let her frame answer.

- Draft form letters for frequent requests which she can adapt to fit.
- Use dictating equipment—so you can talk while she transcribes.

Where secretaries go wrong

Blame their feminine touch for a lack of progress in the office, one authority says.

Oxtoby-Smith, Inc., New York market research firm, surveyed 1,000 business executives and found only about 30 per cent using dictating machines.

Follow-up interviews revealed that many shunned them because of their secretary's dislike. The girls felt that use of the machines dented their status.

Moral: When you think of "automation," don't overlook these simple time and energy savers.

Ready for the checkless society?

A credit card that's good everywhere, for anything.

Say, a car rental in San Francisco or dinner at Sardi's.

Even for cash at any bank.

One hurdle is how to hit on a quick, fool-proof identification system. Today's method, a combination of signature checking and blind faith, won't do, experts feel.

The American Bankers Association put a committee to work on the problem months ago.

Inside dope is that ABA will opt for making your social security number a sort of universal identification number.

A credo for business

"Don't just snipe at government—when it tries to meet America's social needs. Come up with a better way to do it."

That's the advice of M. A. Wright, board chairman, Humble Oil Co. He spells it out in his new book, "The Business of Business" (\$5.95, McGraw-Hill Book Co., New York).

"If we want to preserve the principles of individual freedom," he tells executives, "we must devote an increasingly larger proportion of our time to meet the nation's social needs."

"And," he adds, "at the same time, we must continue to encourage policies which will promote economic growth, still the greatest force in the fight against poverty."

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From a continuity standpoint a corporate relocation is seldom a blessed event. In this case the Sprinkler Division of "Automatic" Sprinkler Corporation of America moved their headquarters from Youngstown to Cleveland, Ohio. A 66-mile up-rooting that many of their employees decided not to make. Naturally, somebody had to fill the void until new people could be hired and trained. This is where Kelly Girl came in. With a minimum of confusion Kelly Girl employees were able to step in as clerk typists, general clerks, statistical typists, executive secretaries and the like. Responsible positions, made even more so because the Sprinkler Division does general accounting for their entire corporation. But that's a Kelly Girl strong point. Dependability, coupled with plenty of practical experience. As the button says, Kelly "Can Do." On a long-term basis or a moment's notice. It's your move next.

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A spectacle that hardly suits a proud nation

BY PETER LISAGOR

The quadrennial madness, better known in some quarters as a Presidential election year, has seized Washington earlier than usual.

Even in the best of times, the onset of the Presidential sweepstakes is marked by a pronounced edginess and a rising degree of rancor and mistrust. But this is not the best of times. For months now, this capital has been beset by intrigue, suspicion, self-doubts and uncertainty.

The Viet Nam war is the centerpiece of the discontent and uneasiness. But swirling about it are other issues that pollute the political atmosphere, including urban unrest, inflation, assaults on the dollar, a challenge to the social structure by violent extremists, and an apparent loss of confidence in the national leadership.

It is a paradox of the first order that the nation appears disconsolate and fearful at a time when much of the world looks upon American power as a modern marvel, when the U. S. ambassador in many foreign capitals is the most important fellow in town, when the emerging nations not only admire and respect this country but openly admit their need for Washington's sympathetic understanding and assistance.

• • •

No less a figure than French President Charles de Gaulle stated it flatly when he visited West Germany last summer, revealing a major motive behind his own obstructionist tactics in Europe:

"At the base of everything," de Gaulle emphasized in Bonn, "there is one fact which seems to dominate the realities: that is the enormous American power."

"In what I say, there is no hostility nor any aversion toward our American friends. The United States has become the greatest power and it will be led automatically to extend its power. I do not mean to dominate, but to exercise a preponderant action, that is to say, a hegemony over others."

Mr. Lisagor is the White House correspondent for The Chicago Daily News.



A gloomy, cheerless mood seems to wrap the nation's capital, as the Administration faces coming election.

What is real to de Gaulle is doubly real to many national leaders in Asia. A group of American reporters who had occasion recently to visit Malaysia, Indonesia and India continually encountered the attitude, in high and low places, that the U. S. presence in Southeast Asia was an encouraging fact of life. Administration propagandists, whose mission obliges them to make the most of the material they work with, have talked of the American shield behind which other free countries have been able to get their footing. For once, they appear not to be exaggerating their claims, even though the uncertainties of Viet Nam and the ever present threat of an abruptly widened war admittedly introduce an element of nervousness into the Asian leaders' calculations.

• • •

This makes all the more paradoxical and puzzling the atmosphere of doubt and barely muffled despair in Washington.

As the political campaign accelerates, the claim is almost certain to be made that U. S. prestige has declined abroad, that the Viet Nam war has embarrassed our friends, especially in Europe, emboldened our

enemies, and alienated us as a nation from the company of the circumspect and righteous.

It is not inconceivable that public opinion polls will be produced in an effort to show that Washington has left the Western alliance in tatters, turned away from Latin America, and ignored Africa, while muddling about without direction and purpose in the incendiary Middle East.

• • •

These polls are standard stuff in an election year, and perhaps will be no more inflated than the usual campaign charges. The delusion that a nation's role in the world must be measured by the affection and esteem in which it is held seems durably imbedded in the American psyche.

Yet nothing turned up about what others may be saying and feeling about the U. S. is likely to match the gloomy self-appraisal indulged in by many Americans. Washington is the focal point for this cheerless mood. President Johnson, for all his frantic travels and diplomatic gamesmanship, has seemed unable to arrest a decline in self-respect by articulating with spirit and eloquence the very real respect in which the nation is held abroad.

He seems even less able to ease the country's own worst fears about the future at home, despite legislative accomplishments that would make most Presidents feel impregnable against their foes.

A fatalistic air, with keening undertones of insurrection, hangs heavy upon the capital. The doom-sayers have been in full cry since last summer, when the Newark and Detroit riots induced a trauma of sorts. At least one prominent group of self-avowed liberals has suggested that the country may be suffering a "kind of national nervous breakdown" and may be headed into an internal crisis comparable to the Civil War and the depression of the 1930's.

Some astute diagnosticians of the national temper believe that the political ground rules may have undergone a revolutionary change since 1964, that the suburban middle class explosion has crumbled the old Democratic Party coalition, and that the old shibboleths and arguments have gone the way of the string tie and the whistle stop.

• • •

But the most disturbing feature of the present period is a sense of lost, or misdirected, purpose, and as a part of it, a drifting at the mercy of events dimly perceived and dimly understood. It seems no longer enough to recite the statistics of growth and progress—more schools, more homes, more cars, more TV sets, more food, more leisure time, etc. A yearning for sounder values, or at least differently emphasized values, dictates a fresh approach in politics, and in truth most politicians are bemused, if not befuddled, by the new demands upon them.

Understandably, under the circumstances, the campaign guns have been moved into place sooner than

usual, and the Republicans believe they have a good crack at the White House. They can't be cocky about it, and they aren't. They realize that in Lyndon B. Johnson they have a formidable opponent, a man as adroit and cunning as any who has campaigned for the Presidency in recent history.

Those who oppose him will not soon forget the extravaganza last Christmas week when he turned a funeral for the Australian Prime Minister into a round-the-world journey in which he exhorted American pilots who bomb North Viet Nam into a greater effort and on the same day flew to the Vatican to identify himself with Pope Paul's earnest search for peace. If that scenario had been written into a novel, the author would probably be suspected of stretching the limits of fiction.

But Johnson's resourcefulness, his flamboyance as a campaigner, his blatant use of the White House as a political staging area, his record which in normal times would be a powerful asset—all these fail to dissuade Republican aspirants for the job.

Nor did they discourage an indistinct member of the President's own party, Sen. Eugene McCarthy of Minnesota, from offering a challenge. Both the Republicans and the maverick McCarthy have witnessed the turmoil and sensed the spreading malaise that gets magnified and often distorted in the political pressure cooker that is Washington.

• • •

The President, of course, is aware of his dwindled popularity. He often has to be sneaked into cities for speaking appearances in order to avoid anti-war demonstrations or worse. He is a passionate student of the polls, at least when they offer him some encouragement. So he must appreciate that the dissatisfaction and discontent are not inventions of the press, but real enough.

Not long ago, he confided to intimates that perhaps Barry Goldwater should have been elected in 1964. "It would have served him right," the President reportedly said. "Why, I have Viet Nam, Cyprus, taxes, inflation . . ." he listed several other problems, adding ". . . before breakfast." Some detected a hint that he might be mulling over the possibility of standing down as a candidate. But nobody inside the Administration and few informed persons outside of it doubt for a minute that, barring unexpected health problems, he will run.

His associates already have begun to consider the problems of personal security in the campaign ahead. The President, who likes to get close to the people, may have to run the gauntlet of demonstrators and protesters unless local police can wall them off.

Lifting the nation's chin off its shoelaces might prove his biggest obstacle. For public morale has plainly waned. The spectacle of the world's greatest power shrinking from its own internal woes, fearful and divided, is a distressing one. It is compounded by the suspicion, nurtured within the Administration, that the opposition is engaged in mean plots, that men's motives are narrow and impure. And this contributes to the general atmosphere of distrust and defeatism that may be worthy of a banana republic but hardly suits a great and proud nation.

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CHRYSLER
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The awful alternative to real economy

BY FELIX MORLEY

As the first of the Presidential primaries looms up, the magnitude of the issues confronting all the aspirants becomes ever more pronounced. The clarity with which these pressing problems are analyzed should be the yardstick by which each would-be candidate is judged. The times are too serious for empty rhetoric, of which the country has already had too much.

The speculative attack on the dollar, following devaluation of the British pound, has been withstood. Although the erosion of inflation is sharp our currency remains relatively strong. But in other countries, aside from France, the future of the dollar is viewed with obvious skepticism. That is because Washington is thought to be attempting more than it can accomplish.

For years now we have been simultaneously waging a seemingly endless war against Asiatic communism; subsidizing dozens of feeble governments through "foreign aid"; sinking billions in the exploration of outer space, and spending far more in an effort to give reality to our "Great Society." Even still higher taxes will not remove the necessity of stern priorities in this all-embracing program.

Nor is there any real solution in the controls on business and foreign travel put into effect, or foreshadowed, by the President last month. These recognize that our deficits have reached the danger mark, but carry no promise of the rigorous governmental economy essential to stop erosion of the dollar.

• • •

Over-extension is evident from both past and present budget figures, showing that year after year our limitless governmental commitments pile up an ever more costly national debt. But it is the continuously adverse balance of international payments that arouses most concern. Americans have to accept the dollars available, regardless of their worth in merchandise. But foreigners are not under the compulsion of our laws. Those who mistrust the dollar can use it to buy

gold, at the fixed price of \$35 an ounce. And the measure of their mistrust is seen in the drain on our constantly diminishing gold reserve.

If we think it through we realize that the mistrust is not of the dollar as a symbol, but rather of those policies which are cumulatively weakening its purchasing power. Of course no policy underwritten by the United States can be effective if the money that supports it loses value. And the corollary to that is also true. A policy that is enormously expensive, yet from an objective viewpoint lacks promise of paying

U.S. BALANCE OF PAYMENTS



U. S. balance of payments, in red almost every year since 1949, is now at an almost unmanageable level.

off, casts doubt on the future of the money by which the policy is underwritten.

That is why the foreign criticism of our national policies varies so much, from indifference to what we spend on education, for instance, to frequently sharp attack concerning the war in Viet Nam. In almost every country education is regarded as a profitable investment. Maybe some of the money thus spent is wasted and some of the frills and fads ridiculous. But nobody thinks it silly to try to improve the learning level of any people.

For three reasons, however, the cost of the war in Viet Nam is a matter of almost universal concern. The communists, of course, oppose what we are doing there, since it is directed against their aggression and

Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.

TRENDS: STATE OF THE NATION

designed to discourage any similar offensive elsewhere. If criticism of our Vietnamese policy were limited to communist sources it could and should be disregarded. Unfortunately, there are two other major objections which cannot be so readily countered.

One is that our ultimate aims in Viet Nam have always been, and continue to be, extremely cloudy. To say that our purpose is to "win" this still undeclared war is meaningless unless we explain how we propose to make a military victory stick. In the eyes of most Europeans, with long experience in the control of primitive peoples, we can "win" in Viet Nam only by sponsoring a colonialism which we always condemned when they sponsored it. And they think that such a policy would today invite a third world war.

The second major non-communist criticism of our Vietnamese policy, as voiced in countries as friendly to us as Switzerland or Sweden, is equally unemotional. Since our enormous and increasing military expenditure is not offset by economies elsewhere, it is affecting the reliability of the dollar. Since the dollar is now the primary medium for international trade, any symptom of weakness is necessarily a cause of anxiety for all trading nations. And it is by no means only the French who connect the current signs of dollar weakness with Viet Nam.

• • •

Such complications are not agreeable to those who would like to see international problems portrayed, and resolved, in simple terms of black and white. But they are leading to a situation where, if Viet Nam is regarded as merely a defensive war against communism, then we must face the fact that many of our allies are willing to give aid and comfort to the enemy.

At the last meeting of the NATO Council, for instance, it was decided to minimize defensive measures against Russia in favor of peaceful cooperation with the Soviet bloc. After this meeting the West German Minister of Defense reported to his Parliament that: "The German Government advocates contributing to the security of Europe . . . by a balanced reduction of the armed forces on both sides of the demarcation line."

Since this placatory attitude is indorsed by Washington it becomes difficult to argue simultaneously that communism cannot be tolerated in South Viet Nam. Confusion is heightened by emphasizing our alleged obligations under SEATO at a time when the parallel NATO treaty is being watered down. It is this sort of confusion that disturbs public opinion and therefore should be squarely confronted by every Presidential hopeful.

It is also noted that Russia, a major gold producer, is a potential beneficiary of dollar weakness. Since the British devaluation Russia has been able to buy up to 14 per cent more, from the sterling area, for the same amount of gold. If we were forced to raise the price of gold that communist advantage would be

enormously increased. Given the choice between payment in U. S. dollars or Russian gold there is little doubt that many of the world's producers would now prefer the latter.

That the Russians anticipate large-scale growth in their overseas trade is shown by the recent rapid increase in that country's merchant fleet. Nor is this growth merely prospective. East-West trade, between the Common Market countries and the Soviet bloc, last year reached sizable proportions. This orientation owes much to General de Gaulle and would probably be accepted by Great Britain, which must enlarge its markets, if repudiation of NATO were made the price of admission to the European Economic Community.

It is dangerously absurd to regard de Gaulle's policy as being the temporary aberration of an eighteenth century romantic. He sees very clearly that French influence in Europe waxes as that of the United States wanes. Next to the Kremlin it is de Gaulle who profits most from our involvement in Viet Nam, a burden which the French happily laid down for us to shoulder.

The greatest economic advantage of the United States today lies in the substantial excess of our exports over imports. This favorable balance of trade does much, but not enough, to offset our unfavorable balance of payments, caused by the huge amounts the Administration spends abroad for military and political purposes. It is sometimes argued that more tariff protection, cutting down commercial imports, would give us an even more favorable trade balance. Certainly the effort to raise tariff barriers is now strong, even at this early stage of the new session of Congress.

The flaw in the high tariff argument is that other countries will refuse to buy from us if we make it difficult for them to sell to us. And the advantage of the communist countries here is that they really want to buy, and increasingly have the means to pay for their purchases. Japan, for instance, will necessarily turn towards the communist world, if priced out or barred out of American markets.

• • •

Business leadership, as a whole, is aware of the complexity of these problems, all of them intensified and some of them created by the Viet Nam entanglement. And business statesmanship is badly needed to give guidance in policies which are so clearly weakening the dollar in a manner that threatens the success of everything we are attempting.

In this election year the issue is clearly shaping up for decision. Whether it is Lyndon Johnson or another the inescapable task of the new President will be to establish policy priorities. The question is not whether some far-flung lines of activity will be curtailed but which ones, in the national interest, shall be cut down to size. That is the point to which every potential candidate should be asked to speak.

This will, of course, require a really "agonizing reappraisal." But the weakness of the dollar warns that the axe of real economy must fall with determination somewhere. The alternative is for the United States to be revealed before the world as a giant with feet of clay.

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One of a series of messages depicting another growing service of The Greyhound Corporation.

At least it releases our hostilities

BY ALDEN H. SYPHER

Come now, Hans. Stop grumbling over your bier und wurst about that analysis of American television programs published by *Bild am Sonntag*.

You don't have to look at them anyway—couldn't if you wanted to, since they're not shown in Germany.

"Small wonder that many Americans regard the Germans as sauerkraut-eating nitwits and fat sadists," *Bild* sniffed moodily at its more than four million readers, a count that makes it West Germany's largest Sunday newspaper.

But hold on, Hans. There's hope. Our National Council on the Arts has just disclosed distribution of another \$244,690 of taxpayers' money in its continuing effort to raise the nation's cultural level by enriching the promising poor.

Although not a dime went to TV script writers, \$37,500 did go to young poets and fiction writers—who might end up writing almost anything.

Carolyn Kizer, director of the council's literary programs, said the young writers' project grew out of recommendations from teachers and writers in behalf of "wonderful kids" whose work they had come across.

One of these wonderful kids now has federal money to cover the cost of renting an office to write in, and paying a baby-sitter to take care of her five children while she writes for a year.

Five children will lose a mother's care, but the nation might gain a writer.

Another one of the wonderful kids has been painting houses for a living while writing two books that got good reviews, but no money. Now this kid will be able to devote full time to writing for awhile, while living on federal money.

So we lose a house painter, but might gain a script writer. Or is that a gain? You know more about house painters than we do.

• • •

You might tell us, too, Hans, just how Germany's Council on the Arts was set up. We should be able to

Mr. Sypher, a lifelong journalist, is the former editor and publisher of NATION'S BUSINESS.

profit from your experience. Your system seems to have been working well a long time. Pause and think of Thomas Mann, Johann W. v. Goethe, Bertolt Brecht, Friedrich Nietzsche and Fritz Reuter.

Or Ludwig Beethoven, Otto Nicolai, Richard



Our TV shows may be unfair to Hans, but Americans have to have some way to work off their frustrations.

Strauss, Johann Sebastian Bach, Richard Wagner, and Robert Schumann.

But to return to the cultural problem now at hand: "Garrison's Gorillas took the cake in depicting Germans as pot-bellied nincompoops or feeble-minded characters," cried *Bild*.

In one 30-minute show (including a number of dog food commercials) 39 Germans were blown to eternity by the fearless Americans, or gorillas, the newspaper lamented.

"During the last week the series showed the killing of altogether 60 Germans all of whom, with one exception, were idiots, sadists, or fodder for their Allied adversaries' machine guns."

All of which was news—elaborately told and illustrated in four pages—to *Bild's* readers, few if any of whom had ever before heard of these programs.

But that didn't keep resentment from arising in the

TRENDS: RIGHT OR WRONG

fine old taverns and in the newer American-type jukebox joints in villages and cities across West Germany.

One workman resting for a moment in a Cologne bar told his fellow imbibers that to him it was "incomprehensible why Johnson allows such films to be made and shown."

How's that, Hans? Allows? *Bild am Sonntag* hasn't been telling you everything.

Compared with President Johnson, you and those fall guys you've been reading and complaining about never had it so good.

• • •

Did you know that at the same time *Bild's* reporters were counting German casualties on our TV screens, Sen. Frank E. Moss, Democrat of Utah, called for a moratorium on the bombing of President Johnson?

Not only is the President being bombed, he's being bombed in a manner described by the Senator as "unfair, emotional, hysterical, irrational, insidious, vicious and sadistic."

What are a few phony falls on the part of some ersatz Germans compared with such a blitzkrieg on our real, live President, day after day?

"What alarms me," Senator Moss said in calling for the moratorium, "are vicious and irresponsible attacks which seem to arise out of near hysteria, and obviously degrade the office of the President and hence the nation."

So you see, Hans, Garrison's Gorillas are not alone in the use of American firepower. Even our Congressmen, who are notoriously pacifist in regard to each other, have been dropping a few bombs on fellow legislators lately.

• • •

Just the other day the House of Representatives found it necessary to take a formal vote prohibiting its members from collecting more than one day's expense money for each day they travel in foreign lands at taxpayers' expense.

Congressional travelers are limited by law to \$50 daily expenses in the currency of the country they are visiting.

Rep. H. R. Gross, Republican of Iowa, told the House of a trip last year on which five Congressmen collected \$100 a day on 13 occasions by arranging to go to two countries on the same day.

Thus these lawmakers overlapped their collections of yen, rupees, drachmas, lira, escuderos, marks and kroner—call it what you like, it's all money convertible to dollars—for a gain of two to one.

Having thus assured themselves the cash grab would be limited to \$50 daily for each wandering member, the House approved trips abroad for the Congressmen on two subcommittees, Post Office and Labor.

Perhaps a part of the reluctance of Congressmen to disclose their outside income to their electors may be traced to such heretofore fast traveling.

Anyway, Hans, if you'd like to trade some of those pot-bellied nincompoops, we have quite a range of trading material.

• • •

We need a mow-'em-down dream, such as we find in Garrison's Gorillas, but the bombardment of our political figures probably is less responsible for that need than the elbowing we're getting from our women.

The importance of women in the United States is advancing so rapidly that at least one manufacturer of men's suits has changed his sales aim from men to women—to sell men's suits.

The manufacturer sends a style expert to visit department stores that retail the line. This specialist snares women as they walk by the men's clothing section.

The passing wife is given a rosebud, a lint brush, a balloon and a booklet on men's fashions. While she is overcome by such generosity, the gift-laden lady is guided into the men's clothing department, where sales people take over.

"Yes, I accompany my husband when he buys a suit," said one wife between sniffs on her rosebud. "Usually I let him make up his own mind about what he feels comfortable in."

See what I mean, Hans?

"Women have better fashion sense than men," said another wife whose husband waited diffidently nearby. "My husband doesn't buy a thing until I approve of it."

This advance flows over a number of fronts.

In New York the Joint Legislative Committee on Matrimonial and Family Laws has voted to ask the legislature to provide alimony for males.

"Our recommendation recognizes that the equality of women before the law has reached such a level that there is and should be an equal obligation of the spouses to share their means when one encounters misfortune and is in need," said State Sen. Dalwin J. Niles.

"What we are concerned about is the fact that under the law as it stands a wife with means taking action in (New York) Supreme Court can throw out of the house a disabled husband without means and force him to seek his support from welfare."

• • •

Now comes Miss Muriel F. Siebert, knocking down walls that for 175 years have protected the New York Stock Exchange as a safe haven for men.

She has paid \$445,000 for a seat on the exchange, and now for the first time in history that body is made up of 1,365 men and one small woman. For the girl who has battered down these venerable walls is no colossus.

No, Mickie Siebert is petite. She's bubbly and ebullient, according to friends. She is also a partner in a New York brokerage firm, and she earns half a million dollars a year.

Which is considerably more than a good many American men make a year.

Let us have that one little mow-'em-down dream, Hans.

We need it.

Today's Special: Fringe benefits with a fringe on top.

These days, a man does not live on salary alone.

It's the frosting on the cake and the cherry on top that can help you attract a good man and keep him.

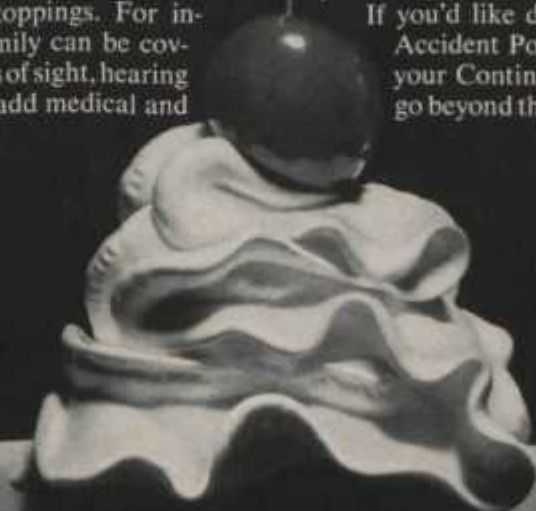
The most frosting comes in Continental's Group Accident Policy. (It's the broadest and one of the most flexible you can buy.) In addition to all the ordinary ingredients, there are several other delicious toppings. For instance: an employee's wife and family can be covered; complete and irrecoverable loss of sight, hearing or speech is included; and you can add medical and

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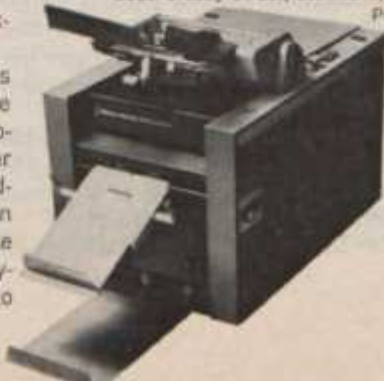
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WHEN THE WAR ENDS: A WORLD OF OPPORTUNITIES

It is almost axiomatic in history that businessmen and traders follow behind the bayonets and bullets. Not to batten on misery, but to foster the civilized pursuits of industry and commerce.

The vast growth of American business in Europe followed World War II and the revival of a peaceful and prosperous continent.

Earlier, British businessmen

poured into India, Africa and a hundred other places in the wake of British Tommies and the Royal Navy. Rome conquered most of the known world and Rome-directed commerce immediately sprang up behind the legions.

Certainly creation of trade and commerce has not been the motive of warfare, but the laying down of arms and the rebuilding and reap-

praisals that come with peace inevitably seed the fields for business opportunities.

Now, another such opportunity is near—a time when business will tap the rich expanses of Southeast Asia.

The best thinkers on the subject in business and government agree that magnificent business opportunities await in Viet Nam, Thailand, Laos, Indonesia, Malaysia and Sin-

gapore. As the military situation in Viet Nam improves, they expect the flow of business to double, triple and quadruple.

There are dark spots and danger areas, of course, but nothing is foreseen that would keep Southeast Asia from becoming an industrial-business outpost of the first water.

Danger areas are Cambodia, Burma and the Philippines where foreign investment—and oftentimes specifically American private enterprise—is either not encouraged or actively discouraged.

Dark spots include the lingering uncertainties of the Viet Nam war, difficulties of doing business in areas that Americans know little about, proximity of Red China and the necessity of dealing with foreign bureaucrats.

The Administration's actions to improve our balance of payments by restricting dollar-investments abroad were not to reduce investments in less developed areas.

The President's plan could even increase investments in Southeast Asia because they are curtailed in other developed areas.

Of great concern, now that investment and business opportunities appear on the rise, is how slowly Americans are moving. They might be beaten to the draw by Japanese and Taiwanese businessmen.

More Japanese and Taiwanese than Americans are looking for business, exploring trade outlets, seeking assembly sites, signing up Asian partners, plunking down money and pouring talent into investment opportunities.

Many well-known American businesses are in Southeast Asia, even in Viet Nam—Bank of America and Chase Manhattan Bank, Foremost Dairies, Caltex, Esso, American Trading Company, Landis Brothers and Co., Inc., Brownell Lane Engineering Co., American Chemical and Drug Co., U. S. Summit Corp., Raymond International, Morrison-Knudsen, Brown and Root, J. A. Jones Construction Co., Getz Brothers and Co., Layne Wells International, Inc., National Cash Register Co., Pfizer, Sterling Drug International and American International Underwriters, to name a few.

But that's only a handful compared to the number that could be there. Agency for International Development people insist, especially in view of the protection provided for American investments and the concessions offered by Southeast Asian governments to get foreign business.

Herbert Salzman, a former busi-

ness man who is now Assistant Administrator for Private Resources for AID, says: "Southeast Asia is a challenge to the U. S. government and an opportunity for U. S. private business. AID is making great efforts to use its people and money to help in the adjustment of the traditional societies to the pressures of the modern world. But government efforts can only lay the foundation.

"It's up to private organizations to build on that foundation.

"The U. S. government encourages business by eliminating some of the risks.

"Today we are seeing the development of multinational companies after we have already witnessed the development of the vertically integrated and the diversified companies.

"In Southeast Asia there is a tremendous surge in purchasing power as a direct and indirect effect of the U. S. presence.

"This creates markets and an effective demand for products, many of which could and should come from the United States.

"Yet Japanese investment is sharply increasing. Why shouldn't our business share in the profitable investment opportunities? Although American investors are increasing, many firms which should be sharing in these markets are holding back—afraid to do what they are in business to do, to take risks and earn profits."

The American businessman calling on AID or the Department of Commerce for information on doing business in Southeast Asia meets a snowstorm of facts, figures, reports of feasibility studies, situation reports, estimates and suggestions.

Eager for American investments

Forming the backbone of the effort to get U. S. business into the area are investment protections offered by the federal government and inducements to invest offered by most Southeast Asian governments.

Viet Nam, for example, offers these various exemptions:

No taxes on profits or dividends for five years.

No tax on real estate, mines, quarries, land and royalties for three years.

No tax on rural property and loan contracts for two years.

There are no import duties planned on spare parts and equipment and there is a 25 per cent tax exemption on reserves built up from retained earnings if they are used for expansion.

The American businessman moving into the Viet Nam market is protected 100 per cent by the federal government against expropriation, inconvertibility of currency and war risk. He is protected up to 75 per cent of his debt capital on extended risk, including commercial risk, and 50 per cent of his equity investment.

Another incentive provided by the federal government allows a company to go into a high risk foreign country like Viet Nam on a management contract with little initial investment. It also provides the opportunity to buy into the foreign company later.

If he decides to make a prior survey of his business chances in Viet Nam and subsequently finds the market not worth the candle, AID pays half of his expenses. This includes costs the businessman incurred in sending representatives abroad, their hotel, food and incidental expenses.

The Rand Corp. has gone into the prospects of getting profits out of Viet Nam and says: "Many of the new industrial investment projects launched within the past five years experienced rates of return of the order of 20 to 40 per cent; and capital recovery in two or three years has not been unusual."

Healthy business climate

In addition, the federal government is one of the major contributors to two projects which are expected to go a long way toward making Southeast Asia a healthy place for American business. They are the Asian Development Bank and the Mekong River Basin Development.

The Asian Bank is modeled after the World Bank. It makes loans with money supplied by contributing nations for a wide variety of betterment projects. The United States plays a large hand in control of the bank by virtue of being the major contributor, along with Japan, though the bank is run on a day-to-day basis by Asians.

The Mekong Basin plan is under way though the pace is slow.

The project is expected eventually to include 14 dams along the Mekong and its tributaries in Laos, nine in Cambodia and five each in Thailand and South Viet Nam.

Hydroelectric power and flood control would be provided for most of the 150 million people who live within 1,000 miles of Saigon. The new source of power would benefit both agriculture and business.

The war in Viet Nam is changing the country down to the grass roots. What the long range effects will be,



Huge hydroelectric and irrigation dams are planned, and in some cases actually being built, in Southeast Asia. The Mekong River Basin is a prime site. The Shenao Plant on Taiwan (shown above) is a major installation.

WHEN THE WAR ENDS: A WORLD OF OPPORTUNITIES *continued*

no one can say. But it is already evident that there is a growing taste for western goods and facilities. American business methods are showing up in all-Viet companies. They have nearly completely replaced French and traditional Vietnamese methods.

American businesses being established in Viet Nam, through investments, acquisitions, partnerships or subsidiaries, will find an expanding network of communications, highways, waterways, docks and airports, every one of which could be useful to industry or commerce.

In the past few years, six new deepwater ports have been built, eight shallow draft ports, eight jet air bases with 12 new 10,000-foot runways, 80 smaller fields, scores of bridges and hundreds of miles of roads, oil tanks and pipelines, storage and maintenance facilities and housing for 325,000 soldiers, much of it convertible into housing for industrial workers.

Each month thousands of Vietnamese receive industrial and business training, either elementary or advanced, and they go into a manpower pool which can be useful to American private business someday.

Fighting has not stopped a huge construction program of private and

community facilities. These projects will be useful to businesses locating in the area when the fighting is finished.

Projects include water systems, road and canal extensions, schools, hospitals, warehouses and civil aviation.

The Rand Corp. goes so far as to say: "Looking at the general conduct of industrial activity in Viet Nam today, we do not get the impression that this activity is in fact directly hampered by the war. Industrial installations appear to operate without interruption and Viet Cong molestations are trivial. The problem of military insecurity appears to be much more psychological than an actual hurdle."

In the past 12 months there has been a big increase in the number of Vietnamese entrepreneurs who have money of their own and want to invest it, often in agricultural co-operatives.

What they want is to form partnerships, with the Americans supplying managerial and technical expertise.

The Governor of the Vietnamese National Bank said recently, "Don't send me your money, send me people who know how to do things."

Viet Nam is beyond doubt one of

the prime investment points for American know-how in Southeast Asia. But there are others.

Other opportunities

Thailand—This is one of the most promising underdeveloped nations in the world. It should become increasingly so as the Viet Nam war draws toward a close. The government is dictatorial but it is effective and stable and so is the economy. GNP goes up 7.3 per cent yearly. The population of 31 million is leaping ahead.

Thais generally applaud U.S. military actions in Viet Nam—for obvious reasons. They would be the next likely target for communist aggression.

The country has a big windfall from U.S. military spending in both Viet Nam and Thailand. Foreign business is encouraged in a variety of ways by the royal Thai government. Among the best bets for success are businesses involving agriculture, fertilizers, cotton processing, manufacturing, zinc and tin mining, tourism.

On the other hand, insurgents are in the Northeast, Red China is close by and a shaky Laos is just next door.



Saigon's harbor is no longer the great bottleneck of Southeast Asia. Traffic flows smoothly now.

Laos—This is a small country of three million people with limited market possibilities, but there is a need for nearly everything. The government is neutralist with a western slant. Its hold on the country is tenuous. However, it has survived many upheavals. North Vietnamese and Viet Cong invade Laos on the way to and from South Viet Nam but so far little has been done about it. The Vietnamese war could lap over someday.

The government actively seeks foreign business investment and offers many concessions. One American firm is looking into getting lumber out of Northeast Laos and shipping it to U. S. forces in Thailand.

Indonesia—This can be the great sleeper for U. S. business when the Vietnamese shooting dies down. Indonesia can also become the giant of Southeast Asia.

There are 160 million Indonesians, and after the debacle of the Sukarno years Indonesia, like Laos, needs everything. Banking institutions and creditor nations keep Indonesia afloat with renegotiated loans until wild inflation can be tamed. It is being tamed and this is necessary for business. In 1965, the year Sukarno and his commu-

nists were overthrown, inflation reached 2,000 per cent. In 1966 it was 650 per cent. Last year it was 75 per cent.

The military government of General Suharto seems set for a long run. Indonesia has rejoined the UN World Bank and Asian Development Bank. The people want nothing so much as time and peace to develop their fantastically fertile islands and get business started again on a profitable basis, usually privately oriented.

There is a good private investment law and it is to be improved this year. Many an American business expropriated by Sukarno is being restored. A half dozen of the largest U. S. chemical and mining companies are either setting up operations in Indonesia or completing feasibility studies which generally indicate the country is worthwhile as an investment site. Four American banks have recently moved in.

Best bets are in minerals, forest products, oil, tourism, manufacturing, agriculture and agri-business.

Malaysia and Singapore—These are two different countries, but they can be treated together because of their joint British heritage and because

they occupy an Asian peninsula which American business is finding attractive.

Britain's victory over Malayan communists 20 years ago set the stage for an improving economy.

As the British pull out of their old possessions east of Suez, the Yanks move in. This includes business influence, especially in Singapore.

Furthermore, if Hong Kong slips in influence because of pressure from Red China, then Malaysia and Singapore will grow still more in importance.

Singapore, with a population of two million, is well governed and strictly western oriented. The people are literate; they have a growing money supply and desire for American products. A New York office has been opened to promote investments. Main objectives are to increase light manufacturing facilities, cut down on imports and reduce unemployment.

Malaysia is an excellent place for private investments. There is a good investment law and Malaysian money is strong. GNP goes up six per cent yearly. A large bond issue was recently floated on the New York market.

Several American companies have moved into a new industrial park near Kuala Lumpur. Three American banks have branches in the country along with American chemical companies, paper manufacturers and agri-business concerns.

Foreign investment protection is offered in several ways.

Taiwan—Business followed the bayonets during and after the Korean war 18 years ago. This was the making of Taiwan, home of the Republic of China, an island nation which American school kids were taught to call Formosa. The big island is getting another economic shot in the arm because of Vietnamese fighting.

Taiwan already is heavily industrialized and getting more so as American businesses move in and as Chinese businesses increase and grow. GNP goes up a fast-paced 9.7 per cent yearly. In 1960, exports were \$164 million; in 1966, \$536 million. They should hit \$1 billion in less than 20 years.

The list of U. S. companies already on Taiwan and those coming to the island reads like a New York telephone book.

Taiwan has such U. S. investment potential that AID ended its programs there—Taiwan can take care of itself. **END**

UNIONS' NEW ORGANIZING

How they'll jack up costs at both union and non-union businesses



"Organize the unorganized!" thundered the gravel-voiced John L. Lewis in his heyday as leader of the United Mine Workers. The slogan is as much the war cry of labor unions today as it was four decades ago. But the manner in which unions now go about organizing the unorganized sometimes makes even the venerable Mr. Lewis raise his bushy brows.

Union organizing campaigns today are elaborate, expensive and full of tricks. They are often aimed at people who once shied from union cards like the pox.

Unburdened by taxes or antitrust actions, unions have a superabundance of wealth to throw behind these campaigns. This is coupled with the power to wrest from legislators and administrators a battery

of special privileges that give them a leg up on anyone they try to organize.

Despite this, there is much that businessmen are doing and can do to meet the union onslaught.

Results of new union organizing drives can be seen in membership rolls, which have been surging since 1963. Unions based in this country boast a record 19.1 million mem-

TARGETS AND TACTICS



PHOTO: BOB GARDNER

bers. Nearly 40 per cent of the eligible workers in the United States are now represented by unions.

The number is probably even higher since some corrupt local union leaders are suspected of understating their membership so they can pocket assessments due national union offices.

The Teamsters remain the nation's largest union with 1,880,000

members and continue to lead all major unions in the percentage of union elections won.

AFL-CIO unions added more than 1.5 million members in the past two years, boosting total membership to 14.3 million, the highest in its history. The United Auto Workers remain the largest of the 129 unions in the federation with 1.4 million members, up nearly 235,000 the past two years.

Despite such glowing reports, the federation is spurred to do still more by UAW President Walter Reuther's demand that it engage in a \$14.5 million organizing drive "to double the membership of the organized labor movement" in six years. There are 32 million workers in the United States, union eligible but still union free.

Labor's new targets

Union organizers are concentrating now on growing parts of that labor force—white-collar workers, public employees, service workers, young people, Southerners, women, technicians, professionals, semiprofessionals and even ballplayers.

In the next five years the number of white-collar workers—from file clerks to computer programmers—is figured to jump 25 per cent, twice the expected rate for employment generally.

Last October a group representing 18 unions set up a special office in Washington. Called the Council of AFL-CIO Unions for Scientific, Professional and Cultural Employees, or SPACE, its main objective is to organize some 10 million white-collar workers. Its leaders also hope to find ways to improve the image of unions among well-educated workers.

Something of a milestone in this effort was reached recently when nine doctors aboard Grace Line ships joined the National Maritime Union.

The National Labor Relations

Board last November cleared the way for unions to organize employees of most private hospitals and nursing homes. The NLRB, the federal agency regulating unionization, declared that it now has jurisdiction over such businesses. Before, the NLRB—whose officials chronically complained of being overburdened with cases—decided it should not take such jurisdiction.

While the AFL-CIO's organizers rush into hospitals and nursing homes to take advantage of the new ruling, its lobbyists are asking Congress to rewrite the law to make the NLRB's action legal.

Unions making the most spectacular organizing gains are those trying to lasso government workers. Local, state and federal government employment is "the growth stock of unionism," trumpets Abraham Weiss, Teamsters research director.

One of every 12 union members in the United States is a government employee, and the percentage is increasing. Executive Order 10988, authored by the AFL-CIO and issued in 1962 by President Kennedy, opened the dikes. The order directed federal agencies to recognize and bargain with unions representing their employees. Many state and local administrations immediately followed suit. Since then, government union membership has jumped 50 per cent.

"We predict that within five years, 75 per cent of all federal employees will be members of bona fide unions, with no less than 85 per cent covered by exclusive recognition agreements," vaunts deep-throated John F. Griner, Georgia-bred national president of the American Federation of Government Employees.

His AFGE, scrapping intensely with other unions to attract federal employees, has even done away with its initiation fees.

In the nonfederal field, the State,

County and Municipal Employees Union is signing up government workers so fast it's having a tough time getting people to administer its booming ranks.

Like other unions, government unions rely heavily upon the Administration and Congress for help. They seek, among other things, union shop arrangements to force persons to belong to a union in order to hold their government jobs.

Impact on private industry

Increased government unionization will have a strong impact on private business. It could lift the prestige of unions among white-collar workers, both public and private. It will likely lead to higher, economically unjustified wages in government. It will load union war chests which can be used for longer, more damaging strikes against employers in all types of industries.

And, of course, it will put more pressure on taxpayers to meet the greater costs of government.

Union organizers, too, are exploiting the functionally illiterate, the farm workers and the poor.

For the past 29 months they have pulled farm hands in California and Texas off their jobs and pushed them into strikes, picketing and boycotts. Unions have used goon tactics and played upon the religious beliefs of the farm workers to frighten them into cooperating. Unions see these people as a potential new political base.

The AFL-CIO alone has pumped nearly \$2 million into organizing farm hands and on attempts to stock agricultural areas with union shops, hiring halls and other costly union gimmicks.

At the same time unions are trying to get Congress to extend union privileges contained in the National Labor Relations Act to the agricultural industry. They hope for control of the whole food industry, from the soil to the dinner table, with the power to threaten a single, giant, nation-crippling strike.

Union organizers are pressing their campaign to exploit the poor in several ways. They have strong ties with the federal Office of Economic Opportunity, which administers the so-called war on poverty. The OEO is using part of your federal taxes to help unions train some 50,000 union representatives "to assist" poverty workers.

OEO chief Sargent Shriver sees his Job Corps training program as a

prime source of potential union members.

"I'd like to see the day when every one of these Job Corps centers has been adopted by a union," Mr. Shriver recently said as he handed AFL-CIO President George Meany a gold plaque made by tax-paid Job Corps members.

Unionists and race demonstration leaders continue to support each other's programs.

In return for union support of the Selma, Ala., marches, race demonstration leaders organized an Alabama plant that had many Negro workers.

In Mississippi, representatives from the Student Non-Violent Coordinating Committee (SNCC) and the Congress of Racial Equality (CORE) went to union offices and offered to organize Negroes in plants in return for more union money for their programs.

Banks dismayed

Several banks in the North which have been cooperating in government programs to hire poor, uneducated persons are learning, to their dismay, that many of the new employees have been well schooled somewhere—in union organizing tactics.

Unions have added sophistication to their organizing tactics. Many times unions join hands to act as giant organizing combines. They share money and knowledge and attempt to iron out jurisdictional squabbles.

State-wide AFL-CIO union combines have launched organization drives in Iowa, Kansas, Missouri, Arkansas and Mississippi. The Baltimore-Washington area also is covered by an AFL-CIO organizing committee.

Similar gang-up organizing rages on company-wide and industry-wide bases.

Support for such programs is strong from the national office of the AFL-CIO in Washington. The federation's 160-man Organizing Department spends more than a fourth of all AFL-CIO income and 70 per cent of all field staff time directly on organizing.

The AFL-CIO also conducts schools and seminars. Unions even get NLRB officials to teach some classes.

The AFL-CIO maintains a constant liaison with NLRB headquarters and keeps watch on all NLRB actions affecting organization.

The national AFL-CIO office also channels a torrent of model campaign literature through its regional offices to some 2,400 organizers on international union staffs. Copies of these leaflets turn up in almost all union organizing campaigns.

The newest organizational device is the electronic computer.

Several unions use computers to help them pick the best plants to campaign against, to map strategy and to swiftly dredge up information for organizers in the field.

Many businessmen, who may not even suspect that unions are eyeing them, would be startled to discover the detailed facts about them and their firms which are crammed into union computers.

The most computerized organization program is that of the AFL-CIO's Industrial Union Department. It represents 61 factory worker unions and cooperates in organizing with locals of other unions, including the Teamsters.

The basic philosophy of IUD is that the union with the best chance of organizing a plant should get the green light—while all other unions help it.

The IUD whacked the whole country into sections and assigned a band of organizers from many different unions to each section.

At first IUD organizers hit their territories with great fanfare. A score of organizers would converge on a town, handing out literature, putting ads in newspapers, throwing free beer busts at rented halls and generally creating a carnival atmosphere.

The technique used up a lot of money, but it didn't get many new union members—especially in the South, where the IUD had intended to make its greatest gains.

The IUD now uses what industrial relations people call the "silent cell" approach in unorganized plants. It is similar to the way communists try to infiltrate organizations. Union organizers slip into plants and fan all flames of discontent they find.

A current saying among industrial relations men goes, "If you don't hear anybody coming up your back steps, it's the IUD."

Although the IUD has stopped distributing handbills, it is passing out a "Labor Bookshelf" to thousands of schools and libraries. The Labor Bookshelf is a set of five books containing biased union versions of history and economics. Thus the

IUD hopes to sow the seed for future organization drives.

Still up to old tricks

Recent occurrences show that old-time union organizers are as sly as ever.

One organizer last year registered in a motel, announcing loudly that he was an organizer. He spent a week at the gate of a nearby plant passing out union leaflets. Management countered by bringing its industrial relations men to the plant from all over for an expected battle.

What the managers didn't realize, until too late, was that the organizer had been driving across town at night to another of the firm's plants and quietly signing up its night shift.

Another union sent a handsome, well-educated Negro from New Jersey into a Louisiana town. While courting Negro women at a target firm, he got them to sign up other employees into the union. He was last seen heading North, leaving behind several broken hearts and a unionized plant.

Some union organizers try to trick managers into giving them the names and addresses of their employees before the NLRB requires them to do so. This gives unions more time to send their propaganda to employees' homes. Organizers also try to get company Christmas or birthday card lists.

Once the NLRB has ordered that a union election is to be held at a plant, organizers are taught to fight for the worst possible day—from management's viewpoint—to hold it.

This usually is a Monday morning, giving the union the whole weekend in which to sell itself to the employees at their homes.

Once the campaign is under way, unions often hire ex-employees of the firm, especially those recently fired, as special consultants. These persons, unions have found, know a lot about the internal workings of the firm and will work extra hard if they harbor grudges against management.

Teamsters organizers recently had a hard time signing up employees of a small trucking firm in Indiana. They decided to force the firm's owner to pressure his employees to sign. The union sent letters to all establishments where the firm's trucks pick up or deliver, threatening to picket the establishment if it continued to deal with a non-union firm. The firm's owner could

not afford to fight the matter in court, especially against the powerful "Teamsters Bar Association."

Union organizers often get away with illegal actions because management shies from the expense of litigation. While most heavily taxed businesses can't afford long court proceedings, unions can usually rely on tax-supported NLRB lawyers to argue their case for them.

It is common to hear NLRB officials talking of "wins" and "losses" in union elections—a "win" when the union is certified, a "loss" when employees voted against it.

Look to Congress

Unions are pleading to Congress this session for still more aid in their organizing. Among the things they are asking favorite Congressmen, such as Rep. Frank Thompson Jr. (D.-N.J.), chairman, House labor subcommittee, to push for are:

- Double and triple damages assessed against employers declared guilty of unfair labor practices while a union is trying to organize their employees.

- Disqualification from government contracts for employers who don't sufficiently cooperate with union organizers.

- Revocation of that part of the Taft-Hartley law that reaffirms an employer's right of freedom of speech when a union tries to organize his plant.

- Requirements that employers report to the Secretary of Labor detailed terms of all agreements, including fees, made between them and their lawyers in attempts to counter union organization drives.

In the face of such fierce organizational attacks, many businessmen feel lost. This is precisely what the unions hope for.

Alert managers of unorganized plants can still do much to protect themselves and their employees from the unions. [See "What to Do When the Union Knocks," November-December, 1966, and January, 1967.]

Industrial relations experts point out that businessmen can do much to check union organizational power by striving to defeat union-beholden candidates for public office and demanding reforms of the labor law.

It is through legislators and administrators of the labor law that unions have gained most of the special privileges and immunities that have allowed them to expand and grow powerful. **END**

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Under New York State's Manpower Training Act, manufacturers can be reimbursed for a large part of the costs of on-the-job training. You can also get help with special classroom training of potential staff. The state helps pay for: allowances to trainees, instruction, clerical salaries, training materials and other expenses—some of which cannot be paid for under federal programs.

Full-Scale Program. Training in new skills or improving existing ones is provided either in school, on the job or through a combination of both. One result has been a major contribution to New York's pool of over 2,000,000 skilled and semi-skilled workers, the nation's most versatile labor force.

Do You Qualify? Most manufacturers can qualify for assistance with on-the-job training costs and courses. The basic requirement is that your company be able to conduct effective training. But find out more.



Write on your letterhead for "Money for Manpower," which describes in detail how New York State can help with on-the-job training costs. Or check the coupon for other subjects that interest you and send it along with your letter. Or call Commissioner Ronald B. Peterson at (518) 474-4100. You can also contact us through any reliable third party.

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CHERRY PIE A LA WASHINGTON



DRAWING: RALPH ROBINSON

Washington's running many billions in the red this year. But it still manages to find money for everything worth while—like investigating cherry pie.

Nothing suspicious about this dish, of course. It's as patriotic as George Washington and the Fourth of July.

But the Bureau of Science of the Food Standards Branch of the Food and Drug Administration claims some bakers don't make it properly.

So the federal pie-watchers have jotted down their own little recipe, recently printed in the *Federal Register*. These requirements will go into effect for future pies unless the baking industry can change the minds of the regulators.

First, they define the dish: "Cherry pie is the food prepared by incorporating in a filling contained in a pastry shell mature, whole, pitted, stemmed, red, sour (tart) cherries (fresh, frozen or canned) that have not been treated by a chemical preservative."

Don't confuse it with a tart, the FDA cautions. Here's the difference:

"The name of the food . . . is

cherry pie, except that if the maximum diameter of the food (measured across opposite outside edges of the pastry shell) is not more than four inches, the food alternatively may be designated by the name of cherry tart."

An eight-inch cherry pie, the FDA suggests, should weigh at least 22 ounces and contain at least 2.7 cherries per ounce—or, 59.4 cherries per pie.

And here's how to get the correct count:

"The number of cherries per ounce of pie, as required in paragraphs (a) (1) of this section, is determined as follows:

"Remove the fillings and cherries from the pie and distribute evenly over the surface of a 12-inch diameter U. S. No. 8 sieve (0.094-inch openings) stacked on a U. S. No. 20 sieve.

"Wash the cherries and cherry fragments free from adhering material with a gentle water spray. Drain the cherry contents on the No. 8 sieve for two minutes in an inclined position (15-30 degree slope).

"Do not discard the contents of

No. 20 sieve. Transfer the whole cherries to a tared pan and determine the weight of all whole cherries. Count the whole cherries and calculate the average weight per whole cherry.

"Collect the cherry fragments and calculate the whole cherry equivalent based on the average weight per cherry.

"The number of whole cherries, plus the number of whole cherry equivalents, is the total number of cherries in the pie.

"Calculate the number of cherries per ounce of net weight of pie." Simple, once you know how.

And think how easy this makes life for your neighborhood baker, who bakes hundreds of pies a day and may not have known of this handy shortcut.

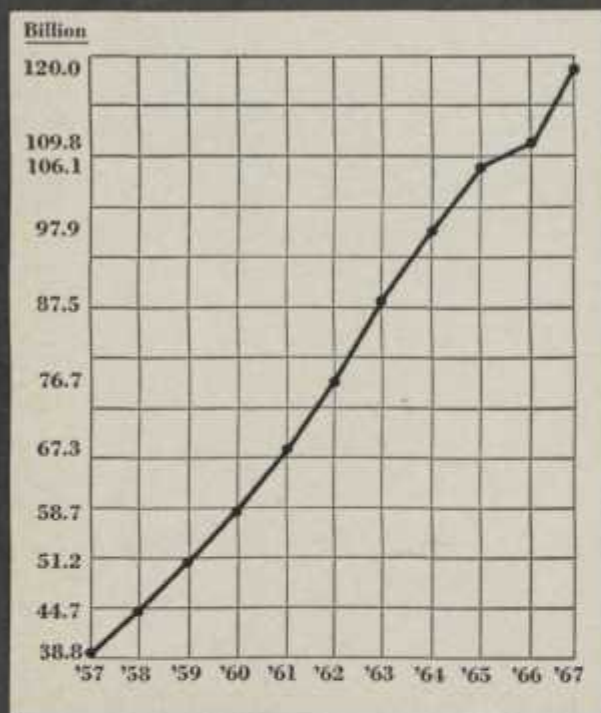
Now, if you don't like cherry pie, don't fret.

Washington hopes to do for apple and blueberry pie what it has already done for cherry.

Right now, it says, it hasn't the money. But, you can bet your bottom dollar it will find some, somewhere.

Maybe in your pocket. **END**

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3



2

4

10

6

We broke open our Handi-Van

- 1** We're the truck people from General Motors. We just sliced apart our new Handi-Van to show you how it's built. We could have given you a pretty picture and let it go at that. But the real value of a GMC is under the skin. We think showing you these hidden features will make you a believer.
- 2** This is our giant van. The distance from the front wheels to the ones in the rear is 108 inches. Our smaller van has a 90-inch wheelbase. Both are finely balanced to handle your load.
- 3** We didn't make a bigger van by simply tacking on more sheet metal around the frame. We weren't about to take a short cut like that. Instead, we started at the bottom and built a brand new foundation for our big van. This is why our load space is balanced. And why you're better off with a GMC.
- 4** You don't see a lot of seams and welds and joints in this van. The reason is we eliminated them every place we could. No wonder our bodies are stronger. And much longer lasting. There just aren't as many places for stress, rust and corrosion to get at.
- 5** Seat belts, four-way warning flasher, dual-speed wipers, plenty of safety items.
- 6** You can carry a 256 cubic-foot load here. And since our 108-inch van has a special wheelbase for its bigger body, there's a lot less jiggling and bouncing around. You're probably thinking that we told you this before. But a point this important is worth repeating.
- 7** The I-beam front axle of our 90-inch model will support 2200 pounds and our 108-incher will handle as much as 3000.



just to make you a believer.

- 8** We put the engine right up here, by the driver. Because it's easier to get at for servicing. By the way, the molded engine cover also serves as a package tray. When it's not sealing out engine noises, that is.
- 9** We have three great engines for you to choose from. A 140-hp or 155-hp inline-six is standard. Or you can specify our new V8 with 200 horses.
- 10** These steel strips run the full length of the load floor. They're good for sliding heavy items on and off the van. And you don't have to stretch or bend much to do it. Because the load floor is a scant 22 inches from the ground.
- 11** The amazing thing about a GMC is how much more truck we give you. And how little more we charge you for it. Talk to your GMC Truck dealer about price. He's eager to make you a believer, too.



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What a difference a name makes



PHOTOS: TOICHI SEKOTO

MOST POWERFUL MEN IN WASHINGTON?

When you think of power in Washington, images of President Johnson, Defense Secretary McNamara and Secretary of State Rusk leap to mind. Or even FBI Director J. Edgar Hoover. Surely they and scores of others wield immense power in their own way and in various bailiwicks.

But the essence of political power—the power of the purse—is held firmly in the grasp of two men. One is Wilbur Mills of Arkansas, chairman of the House Ways and Means Committee, and the other is George Mahon of Texas, who heads up the House Appropriations Committee.

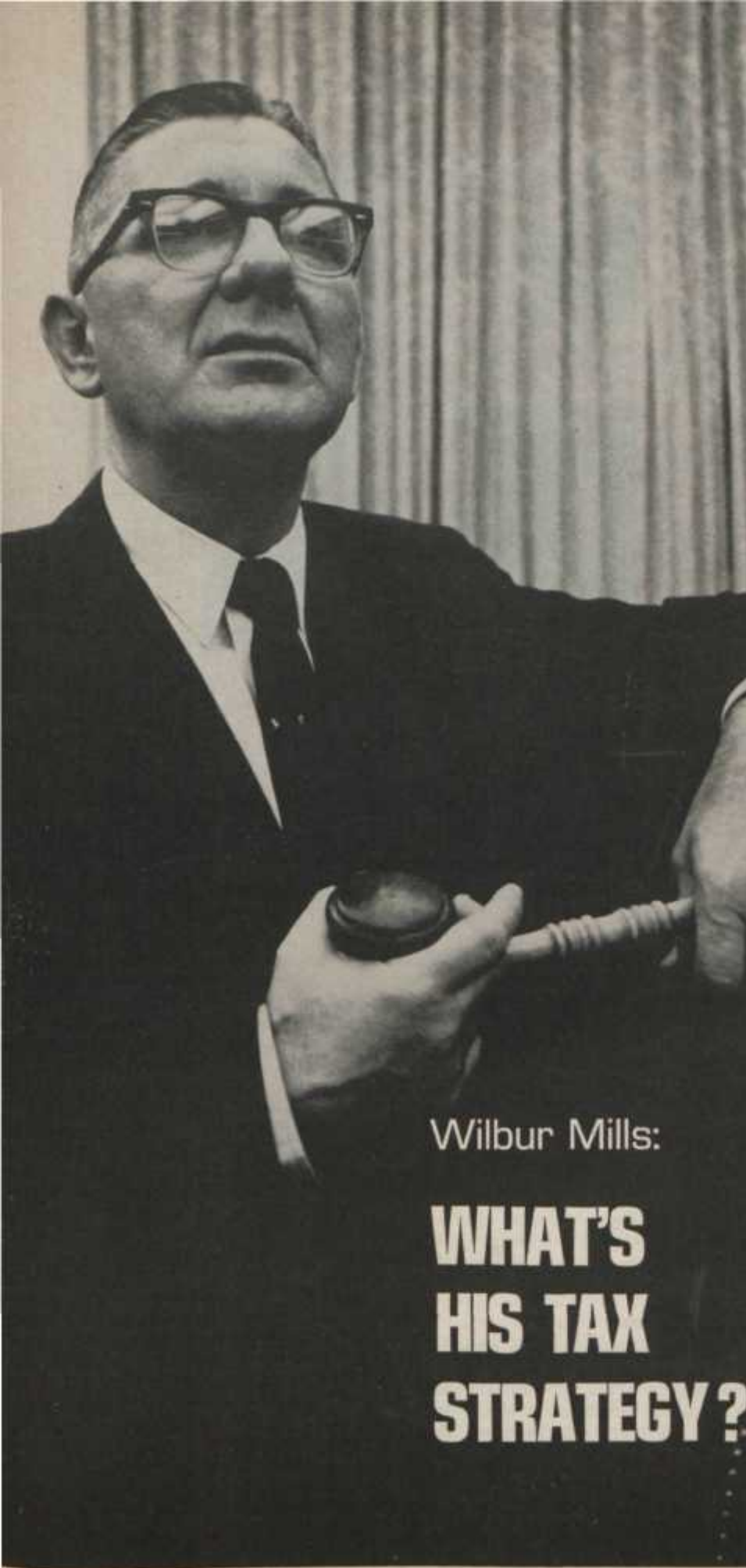
Together, these two men exert untold influence over how the government spends billions and billions of dollars each year and over how taxes finance this spending.

They have much in common. Both are Democrats, Southerners, moderates, soft-spoken, respected. Each is convinced that the government will spend itself broke if its fiscal responsibility is not soon restored.

Chairmen Mills and Mahon are long-time friends of President Johnson. But in their pursuit of sound fiscal management, they have challenged the President. Mr. Mills last year refused to approve President Johnson's request for a tax increase and called for spending cuts. Mr. Mahon has consistently sought to curb nonessential outlays. He helped trim last year's appropriations by \$5.8 billion.

Here's a candid look at these two men: Their thinking on what America must do to get back on solid financial footing, how they feel about saddling taxpayers with greater burdens, what really makes them click, how they are likely to employ their power in 1968.

The articles, starting on the next page, were written by Associate Editor Vernon Louviere, who has covered Congress for 15 years.



Wilbur Mills:

WHAT'S HIS TAX STRATEGY?

When Wilbur Daigh Mills of Arkansas took over the chairmanship of the House Ways and Means Committee in 1958, at age 48, someone asked the late Speaker Sam Rayburn if he thought Mills had a promising future.

Rayburn snapped, "When you're chairman of the Ways and Means Committee, you've already arrived."

What Sam Rayburn was saying—and what John F. Kennedy and Lyndon B. Johnson could attest to later—is that Congressman Mills commands indescribable powers as head of a Committee which initiates all tax laws as well as calls the tune on social security, tariffs and trade legislation.

Last year, Democrat Mills emerged as the single most powerful member of Congress after an eyeball-to-eyeball confrontation with the President of the United States. President Johnson wanted a 10 per cent surtax both to fight the war in Viet Nam and to curb inflation. Representative Mills said there would be no tax bill unless the President ordered substantial cuts in Great Society spending. The President didn't, and he got no tax bill.

The late President Kennedy, equally dependent on Mr. Mills, had a more pleasant experience. In 1963 Wilbur Mills deftly steered through his committee and the House—by an overwhelming vote—the President's tax reform and reduction bill.

Ten days later, in an unusual gesture of Presidential gratitude, Mr. Kennedy flew down to Chairman Mill's Second Congressional District for the dedication of a new dam. As a White House aide put it at the time:

"If Wilbur wanted us to go down to Heber Springs and sing 'Down

PHOTO: TOICHI OKAMOTO

by the Old Mill Stream,' we'd be glad to do it."

As an expert on the American tax system—clearly one of the most complex in the world—Representative Mills has no peer. The same can be said of his role in the intricate social security program. To report that he does his Congressional homework would be an understatement.

"If Wilbur insisted that the tax moon is made of green cheese, most folks in the House would nod their heads dutifully," one of his colleagues explains.

The quiet, soft-spoken Mills will never take a bill to the floor unless he knows he has the votes in his back pocket.

When a NATION'S BUSINESS editor asked Mr. Mills how he manages so adroitly to read the mood of the House he explained:

"Well, I try to get a consensus of the Committee and then a consensus of the House. I have always felt if I could get a consensus of the 25 members of the Committee, I could do the same with the House and its 435 members."

A boast made good

Wilbur Mills was born 58 years ago in Kensett, Ark. (population 829).

His mother recalls this about his boyhood: "We sent him to Searcy High School because our high school was not accredited. He wore overalls and long, black stockings, and the Searcy boys laughed at him and called him a 'country boy.' Wilbur responded by telling them he would be valedictorian of his class—and he was."

Young Mill's first ambition was to be a baseball player. His boyhood chum was Bill Dickey who went on to become the New York Yankee's immortal catcher. But hanging around his father's general store turned his interest to politics. He was fascinated by Congressman Bill Oldfield who used to visit his father. One day the Congressman said to the elder Mills in Wilbur's presence:

"This boy looks like he will grow up to be a Congressman."

After graduating from Hendrix College in Arkansas, Wilbur Mills moved on to Harvard Law School. He was elected to Congress in 1938 and hasn't had opposition since 1944.

A Southern moderate, Mr. Mills

holds the respect of liberals and conservatives, Democrats and Republicans. His colleagues regard him as a man of remarkable intellect. He is persuasive, he works hard and above all he knows his subject—taxes.

Congressman Mills keeps his own counsel. Although affable and well-liked, he is not a glad-hander in the tradition of many House members. You don't find him on the Washington cocktail circuit and his social tastes are simple.

Close to the vest

When Chairman Mills is presiding in the ornate Committee room, there isn't a trace of emotion to give away his thinking on whatever is under consideration. In short, he is inscrutable.

For many months last year no one—including President Johnson—knew whether Wilbur Mills would release a tax bill from his committee. It was clearly the guessing

game of the year. Mr. Mills plays it that close to the vest.

President Johnson's failure to get his tax bill was a major legislative letdown for the man who once manipulated the Senate at will. With Wilbur Mills there could be no manipulation and no arm-twisting. The once cordial relationship between these two men obviously has been cast into the deep freeze.

On that subject Mr. Mills will say only, "The President knows I have my own views, and he has his. We have known each other for 29 years."

Mr. Mills is not prepared to say at this time whether there will be a tax bill in 1968. There are too many imponderables, too many unanswered questions. The President's budget and State of the Union message, hearings before Mr. Mill's Committee, the state of the economy, the outlook of the war—all of these will play heavily in the decision.



Chairman Mills will have to decide if tax measure will clear Ways and Means Committee this year

Chairman Mills certainly was not unaware of the strong forces running against raising taxes.

"There were more pressures against a tax increase than any time I can remember," he told *NATION'S BUSINESS*.

"We passed several increases during the Korean war and there were never protests like this. There were a variety of reasons. Some people were against Viet Nam. Some were against the Great Society. A vast majority of the people simply were unalterably opposed to it."

About a year before he assumed the chairmanship in 1958, Congressman Mills said in an interview:

"I believe that the function of taxation is to raise revenue. I don't go along with economists who think of taxation as an instrument for stimulating, braking or otherwise manipulating the economy."

In the years that have followed, as he watched closely the undulations of the economy, Mr. Mills does not seem to have deviated from that belief.

Man of few words

Wilbur Mills is no fire and brimstone orator. In fact, he rarely moves to the well of the House to make a speech. When there is a bill under consideration in which he has an interest, you can expect to see Mr. Mills moving quietly about, whispering a word here and a word there to his colleagues.

In 1963 he did take to the floor to make a 27-minute speech in favor of President Kennedy's tax reform bill. It was so persuasive it carried conservative southern Democrats in droves into the Administration's camp.

"Wilbur just doesn't like to get up there and talk unless he has all of his people right there behind him with charts and tables of figures," a fellow lawmaker said at the time. "That tax-cut speech—I've never seen him make one like that."

Before a bill of this magnitude reaches the House, many weeks of hearings and months of preparation will have preceded it in Wilbur Mills's Committee on Ways and Means. Mr. Mills personally will have set the stage, planned the strategy, with the attention to detail and maneuvering that goes into planning a full-scale military operation.

During a committee hearing the

chairman sits and listens. He is almost owlish in appearance, a small cigar ever present. He rarely asks questions, but when he does they are perceptive and deliberative.

The 25 members of the Committee, in their turn, are free to run witnesses through exhausting questioning. Unlike some committee chairmen, Mr. Mills is no autocrat. Every committeeman has his turn at bat.

Chairman Mills works closely with the top-ranking Republican on the panel, Rep. John Byrnes of Wisconsin. Long ago he reached an accommodation with Mr. Byrnes. While Mr. Mills dominates the Democratic side of his Committee, he enjoys tremendous respect with the Republicans.

How medicare was born

When the historic medicare legislation cleared the House in 1965 the attention was focused principally on one man—Wilbur Mills of Arkansas. President Johnson called it a "turning point in history" and a chorus of accolades swirled around Mr. Mills.

But there was a sour note, too. Why, his good friend John Byrnes wanted to know, did Chairman Mills make a turnabout after fighting medicare for eight years?

There were several reasons, of course. Until then there were not enough votes in the Committee to clear the legislation. And even if it had, the House was badly split on medicare and it probably would have died there. While the Kennedy Administration lobbied at great lengths, it was reluctant, nevertheless, to put the heat on Wilbur Mills.

Too, the practicalities of politics played a role. In the national campaigns of 1960, 1962 and 1964, propaganda and sentiment mounted for some form of medical care legislation. In the 1964 Johnson landslide election, 38 new Democratic members were swept into Congress, virtually all of them committed to medicare. Even more telling, when the new Congress opened in 1965 Mr. Mills found himself with a Committee majority in favor of medicare. His political antenna had served him well again. He gave the green light for the House to take up the bill.

Mr. Mills has watched the growth of social security from a tiny sub-

agency of government to the behemoth it is today. And he is concerned.

During hearings in 1967 witness after witness—in and out of government—proposed that the program be financed one third by employees, one third by employers and one third from the general fund.

"This is not new, but it's gaining support," Mr. Mills told *NATION'S BUSINESS*. "If we ever dip into the Treasury, there is no limit to the heights which benefits can soar. First we'll take a third from the Treasury, and then a half."

Executive branch won't level

Mr. Mills disclosed that a group of prominent Americans, whom he would not identify, have undertaken a sweeping three-year study of the entire social security program at his request. He says it has become increasingly difficult to obtain information from the government for Congress to enact social security legislation sensibly and reasonably.

Equally disturbing to the Arkansas Congressman is the dearth of reliable information reaching Congress when the executive branch is called on to justify spending on the multiplicity of government programs.

"I have never believed in across-the-board cutting of what we spend on these programs," he explains.

"I believe in priorities. There might be some programs more desirable in times of depression than in times of prosperity."

While President Johnson insists it is up to Congress to decide where to apply the surgical knife on spending—a thesis Mr. Mills does not accept—there are increasing signs the White House may be forced to draft a set of priorities for nondefense spending.

Mr. Mills is frequently mentioned in speculation for a possible seat on the Supreme Court or to succeed the aging John McCormack of Massachusetts as Speaker of the House.

As a southern moderate he may not be able to attract enough votes for the Speakership. And only the President can say whether the Congressman will warrant an appointment to the High Court.

Meanwhile, Wilbur Mills will continue to absorb himself with the intricate business of taxes, taxes and taxes.

END

George Mahon:

WHY HE HATES TO SPEND

George Herman Mahon of Texas—tall, soft-spoken and dignified—is a frugal man.

At Washington's exclusive Burning Tree Country Club, where he golfs with some of the most prominent men in business and government, he sometimes brings his own sandwiches to nibble along the fairway.

In the Capitol he eschews ostentatious surroundings. He uses a tiny, windowless, former storeroom as an office.

George Mahon neither seeks nor makes headlines, but he is one of a handful of men who exert vast influence on the financial structure of the national government.

The six-foot-three, 67-year-old Mahon is chairman of the House Appropriations Committee which each year is handed the President's multibillion-dollar budget and then must decide, item by item, how much will actually be appropriated to carry out the Administration programs.

Democrat Mahon is a stickler for pay-as-you-go government. He is an arch foe of nonessential bureaucratic spending. A political moderate, his passion for sound fiscal management in government has won him the esteem of Republicans and Democrats and the respect of several Presidents.

Bureaucrats who must justify how they spend taxpayer money, and his colleagues on the 50-man committee he heads, admire his judgment, his bipartisan approach and his honesty of conviction.

Unlike his predecessor, the choleric and iron-fisted Clarence Cannon of Missouri, Mr. Mahon has cast aside the axe and applies instead the surgeon's scalpel in dealing with the federal budget.

When he assumed the chairmanship in 1964, he told a reporter:

"I feel that all requests for funds should be challenged. We look upon all these requests with some

skepticism and insist on thorough justifications, but not just to be obstinate.

"I think we should save money wherever possible and protect the taxpayer from the burdens that are increasingly put upon him. But I realize the expenses are high and the budget has to be high."

Mr. Mahon brought to the chairmanship a broad background of experience and know-how in handling—and trimming—government spending. As chairman for 15 years of the powerful subcommittee on defense appropriations he played a commanding role in overseeing the spending of more than \$450 billion in military funds.

Again this year Mr. Mahon will likely challenge on more than one occasion the spending views of fellow Texan Lyndon Johnson with whom he has enjoyed a long and warm friendship. George Mahon is convinced the country no longer can afford the luxury of both war and unthrottled domestic spending.

In an interview with *NATION'S BUSINESS*, Mr. Mahon said:

"While certain of these programs are important, nobody is pointing out that we are borrowing money and going into the red. Like the war on poverty, these programs have a way of escalating.

"This bothers me a great deal. With me this business of reducing spending is not just an exercise. It's a matter of keeping outgo in line with income. We must protect the dollar so that the country will be stable."

Mr. Mahon believes that if the "fiscal atmosphere" in Congress continues in 1968—"a consciousness of the need to watch spending"—there is a good chance nondefense spending can be held down.

"I will try to contain appropriations at the 1967 level, or even reduce them, if there is room to maneuver below," he promised.

Mr. Mahon rarely displays a tem-

per in questioning government officials appearing before his Committee, but when he does he can dress down a witness with cutting effect.

Foe of trills

Once, when reviewing the Pentagon budget, he came across an entry showing that an Army Assistant Secretary had a special suite of offices prepared for himself, complete with bath and dressing room.

"How can you sell your essential military spending when you have deluxe 'blue room' suites?" he demanded of the Pentagon brass arrayed before the Committee. "Why can't he put his pants on and take a bath at home?"

Or in 1953, when Mr. Mahon told defense officials he was "fed up" with their failure to "make a more strenuous effort to do a good job" and annoyed that they sometimes ignored charges of waste.

Chairman Mahon fixed his gaze on then Secretary of the Army Frank Pace Jr. and drawled:

"You would hate for your grandchildren, Mr. Secretary, to read the history of this period and say, 'Yes, my grandfather was the Secretary of the Army in perhaps the greatest period of waste in our history.'"

Mr. Mahon told *NATION'S BUSINESS* he felt Congress' reluctance to grant President Johnson a tax hike last year had a sobering effect on the lawmakers. Among other things, he observed, it caused more liberals to oppose runaway spending.

Chairman Mahon is now certain Congress will vote a tax boost in 1968.

Unlike Congressman Wilbur Mills, who heads up the tax-writing House Ways and Means Committee, Mr. Mahon feels that Congress—not necessarily the President—should assess priorities for nondefense programs and cut spending accordingly.

"I like to feel that Congress is not only able but willing to fix these



Rep. Mahon talks over problems with constituents on a trip home.

priorities," he said. "Congress ought to have the wisdom to make these cuts on its own. The trouble is, though, you have Congressmen in favor of economy as long as it doesn't affect them."

Both of necessity and of love for the subject, Mr. Mahon devotes the bulk of his time to military spending. When the Mahon view prevails, it has immense effect on the defense posture of this country.

In 1966 it was Mr. Mahon's distasteful chore to present to the House a military budget which he was convinced was unrealistically linked with the improbable likelihood the Viet Nam war would end a year later. Then, at his urging, the Defense Department asked for \$12.2 billion more in a supplemental budget and got it.

Conversely, when the Pentagon last year asked for \$71.6 billion, the Committee, under Mr. Mahon's direction, added \$400 million in some areas but still managed to trim \$1.7 billion from the over-all budget for a net reduction of \$1.3 billion. This cut the frills out of some military spending but left intact the money needed for Viet Nam.

Prospects of pay as you go

Do you think the United States ever again can expect to enjoy pay-as-you-go government? Chairman Mahon was asked. He replied:

"We can, if we have the will. Right now there is too much emphasis on programs, programs and programs. The economists are always thinking of new programs to undertake.

"The deficit is intolerable. We have to diminish the spread between outgo and income."

Mr. Mahon says the most complimentary label anyone can impose on Congress is to call it "do-nothing."

"We certainly can't have an Eighty-Ninth Congress (1965-1966) every two years," he asserts. "One

is enough for a decade." [A massive load of new, expensive laws was enacted in the Eighty-Ninth Congress.]

Mr. Mahon's views on government spending—though not widely publicized—are well known in the Pentagon, the various departments of the federal establishment and especially in the White House. Consequently, the bureaucrats approach Mr. Mahon and his Committee fully aware they must be prepared thoroughly to justify what they seek.

Not all the way with LBJ

Mr. Mahon votes with the President on some issues and against him on others. By no means has he embraced the Great Society, although he says some programs have merit.

George Mahon represents a conservative West Texas district and he reflects that conservatism. The left-wing Americans for Democratic Action accorded him a rating of 27 in the first six months of last year, indicating he voted "right" by ADA standards only four times on 15 liberal versus conservative issues.

Over the long haul, he feels, the country has become progressively more liberal. The growing public acceptance of Mr. Johnson's war on poverty is an indication of this.

"The country is adjusting to this so-called poverty program. And it is in the national interest to cope with these problems. But it should be more successful, more economical."

This man who deals in billions will save pennies where and when he can. When he inherited the chairmanship of the Joint Congressional Committee on Reduction of Nonessential Federal Expenditures from the late Sen. Harry F. Byrd of Virginia, he also inherited a quantity of envelopes bearing Sen. Byrd's postal frank. Instead of scrapping the old envelopes and ordering a new supply, he drew a line through the old frank and attached stickers bearing his franked signature.

George Mahon did not arrive at this pinnacle of government power by taking the advice of an old pro. In fact, he turned down the advice of one of the most astute men in American politics.

A few years after he arrived in Congress, there was an opening on Ways and Means. Traditionally, a Texan has always sat on this committee.

From his Texas ranch former



Rep. Mahon is determined to keep federal spending in line with income

Vice President and Speaker of the House John Nance Garner sent word to Washington:

"Put George Mahon on Ways and Means. He's the best man we've elected in Texas in the past 25 years."

George Mahon, however, liked the job he had on Appropriations and elected to remain there.

Today, he wields immense influence. No activity of government, where spending is concerned, escapes his attention. He is one of a small, handpicked group of men in Congress privy to the innermost secrets of the Central Intelligence Agency and helps serve as a watchdog over its operations.

Mahon and McNamara

His efforts over the years to instill cost consciousness in the military establishment lead to the appointment of Robert S. McNamara as Secretary of Defense. Although some McNamara policies have disappointed him, Mr. Mahon has been a strong supporter of the controversial defense chief.

The Texan has described Mr. McNamara as "one of the brightest, most dedicated men" in government. At the same time, though, he has said, "But McNamara is no politician; he'd do better up here with a little diplomacy."

Early in the Johnson Administration, when Mr. McNamara was fair game on Capitol Hill, Chairman Mahon came to the Pentagon boss's defense during the bitter in-

fighting over the controversial TFX war plane contract.

If President Johnson is not happy with the way old friend George Mahon makes deep slashes in his budgets, he has never said so publicly. Between the two men flows a great deal of mutual respect.

"The President has a lot of sympathy for my position," explains Mr. Mahon. "Sure he complains about not giving him enough for this or that program. But let me say the President is concerned deeply about deficit spending and securing funds for all he wants to do."

"I talk to him constantly," the chairman says. "I express my philosophies to him constantly."

"One of our difficulties in Congress is that there are 435 of us. Only the President speaks for the executive branch, the whole federal bureaucracy. One voice instead of the babble of Congress."

While Mr. Mahon generally votes with the Republican-Southern coalition, there are times when he'll vote for a larger role for government. Especially is this true in the case of farm subsidies. Cotton, which depends heavily on subsidies, is a large part of the economy of his district.

Mr. Mahon doesn't think we are fighting an "unwinnable" war in Viet Nam. He says Gen. William Westmoreland, the American commander in Viet Nam, performed commendably in reporting on the war during his recent return to this country, "but I was a little disturbed about his fixing dates" for when it will end.

"This upsets the American people, when you make such predictions," he points out.

Perhaps George Mahon's thriftiness can be traced to a humble start in life and his Scottish ancestry.


He was born in North Louisiana, one of four boys and three girls. The Mahon family moved to a cotton farm in West Texas when George was eight. As a schoolboy he bicycled 14 miles a day to and from grammar school, then worked his way through Simmons University (now Hardin-Simmons) and the University of Texas Law School.

Today, George Mahon operates small cotton holdings near Lubbock and likes to pick cotton when he is home. An ardent golfer, he leaves his clubs behind when he goes to Lubbock. He doesn't feel it proper for his constituents to have to track him down on some golf course. **END**



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HOW DOW SAVES LIVES

When an emergency arose involving the Dow Chemical Co., state police and the National Guard early one morning last year, there wasn't a peacenik or a picket in sight.

A 3:00 a.m. call to the traffic manager of Dow's Pitman-Moore division in Indianapolis dispatched a vitally needed drug to a hospital on Virginia's Eastern Shore via Indiana Air Guard and Virginia state police.

This incident, in which Dow's drug was credited with helping save the life of a critically ill patient, is far more typical of the company's function than the national headlines it has been getting lately.

Militant pacifists, draft resisters and New Left radicals have subjected Dow to mob harassment to disrupt its college recruiting and to smear the company as a war profiteer or for complicity in an allegedly immoral government policy—resisting aggression in Viet Nam.

Their reason, of course, is that Dow is the sole producer of napalm used by U. S. forces in Viet Nam. They ignore the fact that this weapon has saved the lives of thousands of American fighting men.

Dow President Herbert D. Doan explains: "We intend to continue making napalm because we feel that so long as the United States is sending men to war, it is unthinkable that we should not supply the materials they need."

One contribution—saving lives

Critics also totally ignore Dow's other contributions to this country's health, safety, education and to the public weal—by the exercise of corporate citizenship and production of things that are just plain useful.

Napalm represents a minuscule proportion of Dow's sales—about one half of one per cent of \$1.3 billion in 1966. Little has been said about the company's contributions to mankind. One of them, as is true of many corporate giants, is saving lives.

Take health research: The company has been working since 1957 on development of an artificial kidney. It has been under contract with the National Institutes of Health since June, 1966, to accelerate the program.

The unit, using hollow fibers for the filtration function, has passed successfully its first clinical test on a single human being and by next June will be in full testing with 30 patients.

A Dow spokesman notes that many patients depend on artificial kidneys of various types, all of which are "horrendously expensive," and that people have died because they couldn't afford the cost. "This is intolerable."

Purpose of the Dow program is to reduce the cost drastically.

Growing out of the company's own experience is a virus-cancer research contract with the National Institutes of Health to develop rigid procedures to protect medical researchers handling viruses believed to cause leukemia.

The project, drawing on Dow's experience in safeguarding its own employees handling dangerous substances, includes a state-of-the-art survey and development of a prototype control unit and a system of monitoring personnel during and after involvement in virus research.

Also in progress is research on diagnostic testing and related equipment, including blood chemistry processes now in development, pre-market or early marketing stages, in efforts to make diagnoses faster, simpler and more accurate. Much of the work is done by Dow researchers at Zionsville, Ind., or at Bio-Science Laboratories, Van Nuys, Calif., mostly owned by the company.

Other research involves immunization against mumps and German measles, which can cause mental retardation among unborn children whose mothers are stricken during pregnancy. "We feel we're quite close to something useful in both



Initial success was reported in tests of artificial kidney developed by Dow in efforts to reduce the high costs of a life-saving device in great demand.

Ford Motor Company tests Dow brake fluid under stiff operating conditions at the company's own Romeo, Mich. proving grounds.

of these areas," says a company official.

Already developed is a measles vaccine, which company people say is the only single-shot vaccine on the market. Dow estimates that since 1965, nine million persons have received the vaccine in the United States.

Measles, besides causing death, create complications resulting in extensive hospitalization, mental re-



PHOTO BY MICHAEL NEWS SERVICE



tardation and sleeping sickness.

Also in the human health field, Dow makes drugs for high blood pressure (including the one rushed to Virginia that early morning last year) and others still being researched. It makes gamma globulin (to prevent or reduce the severity of measles and infectious hepatitis), prenatal diet supplements, a widely used anesthetic and others undergoing tests, flu vaccine,

decongestants, a gastrointestinal preparation, painkillers, blood serum and a wide range of ingredients used in the manufacture of other pharmaceutical products.

The company also is big in agricultural chemicals, including a low toxicity killer of mosquitoes—bearers of encephalitis. It minimizes the problem of residue encountered with DDT that was publicized in the late Rachel Carson's "Silent

Spring." This product, now awaiting government registration for domestic use, has been used against cattle ticks abroad, one of the major problems limiting beef production in economically underdeveloped countries.

Dow produces rabies immunizations for dogs, as well as an extensive line of other animal immunizers, including one that attacks a disease otherwise prevalent in poultry.

And the company makes a line of weed and brush killers, soil fumigants and grain fumigants.

Many public services

Dow has long been cited by independent authorities in another area of public service—clean water. It makes chemicals for treatment of water supplies and waste water.

The company currently is involved in research aimed at treating storm water runoff, a growing problem in urban areas, and removal of phosphates from streams. These phosphates foster growth of plant life that consumes the natural oxygen content of water by which streams purify themselves.

Then, too, it has developed instrumentation to help engineers monitor pollution levels in streams.

It has taken elaborate precautions to reduce contamination of the air by its own manufacturing processes. One research program now under way—which the company won't discuss in detail—involves treatment of pollutants from automobile exhausts.

In a technological society, the end use of products manufactured by a basic company like Dow are seemingly endless.

As one company spokesman puts it, "We are a supplier to all industries."

Uses include everything from aircraft deicing fluids to deodorants.

Dow solvents are a major item, including special products for "white room" or dirt-free environments, essential in activities like missile production. Dow has also developed a



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HOW DOW SAVES LIVES *continued*

monitoring process to enable users of solvents to assure that they don't contribute to air pollution.

In fact, the company maintains extensive laboratory facilities to assure that no harm comes from the manufacturing, processing, transportation or end use of its products.

Some products have direct safety implications, such as a brake fluid whose high boiling point guards against one cause of brake failure, a spray-can tire coating to provide traction for cars stuck in snow and a commercial chemical to remove ice from roads.

In the field of corporate contributions, Dow has furnished some \$60,000 to the famed hospital ship S. S. Hope in cash and donated products.

And in education, the company contributes well over a million dollars a year in cash to a large number of schools, even those where peaceniks disrupt company recruiting.

In addition, the company has developed a college summer employment program for students in its research, product development, customer service, finance and marketing areas tailored to student and corporate needs.

The company's public affairs activity ranges from executives' service on the school board and city council in Midland, Mich., the corporate headquarters, to Board Chairman Carl A. Gerstacker's chairmanship of the Commerce Department's National Export Expansion Council.

Thus, like other giant chemical companies—Dow is the nation's fourth largest—the company is deeply involved in innumerable pursuits in the public interest; some will say to a unique degree.

This, of course, cuts no ice with hard-core radicals whose hostility to business is becoming clearer. (See "Why Young Radicals Zero in on Business," July, 1967.)

The company feels that the demonstrations may damage it over the years ahead but has reviewed and reaffirmed its decision to continue supplying the government with napalm.

Which leads one long-time Washington hand and former government official with broad knowledge of the chemical industry to observe that here, too, by not caving in under pressure, Dow is performing another distinct public service. **END**

Dow Chemical brake fluid is tested to assure its ability to remain liquid and resist compression at high operating temperatures of modern-day travel.



Dow's waste-water treatment products include a substance to promote growth of surface bacteria, converting much organic waste into harmless matter.



Dow's vaccines immunize against measles, cause of various health complications, plus a number of other childhood, adult ailments.

BUSINESS: A LOOK AHEAD

Light yields heavy

(Agriculture)

Oil tries harder

(Natural Resources)

Computer pay-off

(Transportation)

AGRICULTURE

When researchers talk of suddenly tripling the yield of feed corn, you might suspect them of doing it with mirrors. They are.

Scientists from the Agricultural Research Service and the University of Illinois find that increased exposure to light, reflected from aluminum sheets below plants, boosts yield.

They say results suggest light has greater potential for further increases in productivity than combination of hybrid development, fertilizer, irrigation and tillage equipment that raised yields from 65 to 100 bushels an acre over the past 10 years.

Research with light is nothing new. Experiments with leaving rows vacant to increase light exposure boosts output more than enough to offset the reduction in plants.

Use of white plastic strips between rows to bounce light rays onto lower portions of plants also pays off.

Cheap way to light plants remains to be devised, but researchers expect to influence seed germination, stem length, foliage characteristics and flowering cycles through light. Says an ARS spokesman: "The big breakthroughs in plant control in the next 10 years will be with light."

CONSTRUCTION

The architect of tomorrow and the

building he designs may be influenced deeply if a project of the American Institute of Architects takes hold.

AIA is trying to develop an educational program for architects to bring their academic background abreast of modern architectural practice. It throws together teams cutting across field of environmental design: planners, engineers, landscape architects.

Such an approach could give students broader educational opportunities in preparing for architectural career, including sociology and psychology.

School of Architecture at Princeton University recently completed a \$100,000 study of architectural education, calling for various improvements, upgrading of teachers, attracting new talent and persuading schools to coordinate programs to accommodate transferring students.

Such thinking parallels concerns for urban environment that inspired development of design teams from many fields to become involved in planning of inner-city freeways.

CREDIT & FINANCE

Machine-coded account numbers on checks are not likely to reduce bad-check passing, says FBI. They may work the other way.

A Bureau spokesman notes that the "good" passer, the pro with re-

sources to falsify identification, has no trouble in counterfeiting checks that look equally convincing.

Coded symbols plus name and address merely give bad checks greater appearance of authenticity, making them less subject to question.

Also, FBI warns of speed of the bank-examiner swindle. A con man will spot an apparently gullible bank customer, learn his identity and contact him at home with a warning that his account is being tapped by a dishonest teller.

Posing as a bank investigator, swindler asks depositor to withdraw a large amount of cash, using gloves to avoid fingerprints, and take it home—all in strict secrecy. The "examiner" then shows up at the victim's home, promises him a large reward for his cooperation and takes possession of the evidence.

Swindler is long gone by the time victim realizes he's been had and before police can alert community through local press.

FOREIGN TRADE

Building boom in Japan, a top outlet for U. S. exports, is creating headaches for American lumber manufacturers.

National Forest Products Association notes log exports to Japan rose from 1.1 to 1.7 billion board feet between 1966 and 1967. Japanese are able to outbid American buyers, ship logs for processing in Japan and use them for construction at a profit.

The U. S. industry argues lumber and plywood mills here are closing and throwing American employees out of work because of reduced supply available, and urges limit on log exports. Canada has a limit.

American representatives will attend meeting in Tokyo this month to discuss the problem.

MARKETING

Market segmentation, tailoring of strategy to new or greatly refined categories of potential customers, holds great potential. Especially where existing markets appear sat-



Greater exposure to light reflected from aluminum sheets boosts yields in experiment (Agriculture).

urated or pre-empted by competitors.

So says Ronald H. Friedman, president of Target Marketing Services, Inc., in New York, who describes one such effort in a forthcoming book.

Giulietta Imports, a Jersey City corporation importing motorcycles made in Italy, was dissatisfied with sales through regular dealers and wanted to shoot for commuters, youngsters buying bikes with parental consent and others buying their first machine.

Believing potential customers in this category may never have thought of owning a motorcycle and need exposure to the idea, the company decided to experiment with department store outlets. A market test through a Southern chain gave promising results.

Company found it could command higher prices. But it also found higher cooperative advertising costs. Arranging separate servicing network also was costly, but worth the move.

A different problem was presented by the New York manufacturing of materials handling equipment for supermarkets, whose market was limited by shipping problems. The firm is developing a plan for diversifying into equipment handling apparel, possibly baggage and cargo.

MANUFACTURING

Defense spending, which has

slowed recently, is due for a mild upswing mid-year.

That's prediction of authority who has studied defense spending for Georgetown University's Center for Strategic Studies and the Chamber of Commerce of the United States.

Murray L. Weidenbaum, chairman, Economics Department, Washington University, St. Louis, cites higher draft calls, increased civilian and military pay, plus new defense obligations—broadest possible measure—contracts to business and industry.

Former corporate economist with the Boeing Co., Mr. Weidenbaum is credited with forecasting, months ago, recently announced leveling off of defense spending, signaling end of major buildup.

Increase he foresees for this summer will be far less than 1965-66 buildup.

NATURAL RESOURCES

Domestic oil producers try harder, too. What's more, they will continue to—in efforts to get more oil out of known deposits.

For example, conventional drilling methods used to yield only 25 per cent of the oil known to be in a given reservoir. Currently, yield can be boosted to 75 or 80 per cent by "secondary recovery" operations.

These include pumping water, gas, steam and chemicals into a well,

where ordinary drilling would dissipate natural underground pressure before all the oil was recovered, to help force oil to surface. Heat also helps stimulate flow of oil not otherwise recovered.

Currently, one third of U. S. production comes from secondary operations, says American Petroleum Institute. By 1980 government estimates figure will rise to one-half.

Such techniques also allow reactivation of old fields in the Southwest and in such early oil-producing areas as Pennsylvania, Ohio and Kentucky.

Wells are getting deeper, too. In 1963, there were only three wells deeper than 20,000 feet on record, 66 by 1966. This follows improved technology in bits, cooling fluids, pipes that withstand pressure.

TRANSPORTATION

U. S. railroads will have a computerized car management system by 1970 that will boost use of rolling stock by 25 per cent. So says the Association of American Railroads.

Equally important advantages in service reliability, a main competitive weakness of rails, are expected, according to AAR.

Over next few years, color-coded identification symbols will be placed on 1.8 million freight cars, and scanners to read them installed along the tracks at check points throughout the country. Cost estimates range from \$30 to \$50 million.

Movement and other data will be fed into central computer operation making possible nation-wide, up-to-date inventory of how many cars are where and where they're going.


AAR for years has maintained a central coordinating point for such information, some of which is two weeks old when processed. Information gaps lead to apparent car shortages which spokesmen insist are merely bad distribution.

Besides improved reliability and economy, the 1970 system will permit prompt action to meet emergencies or temporary regional shortages occurring seasonally during peak grain and log shipping periods.

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The dates are: April 28-May 1. Write for detailed information, but don't wait too long before doing so.

CHAMBER OF COMMERCE OF THE UNITED STATES
Washington, D. C. 20006

() Please send me information about the National Chamber's 56th ANNUAL MEETING in Washington, April 28-May 1—information about the program, speakers, subjects to be discussed, and information about hotel reservations.

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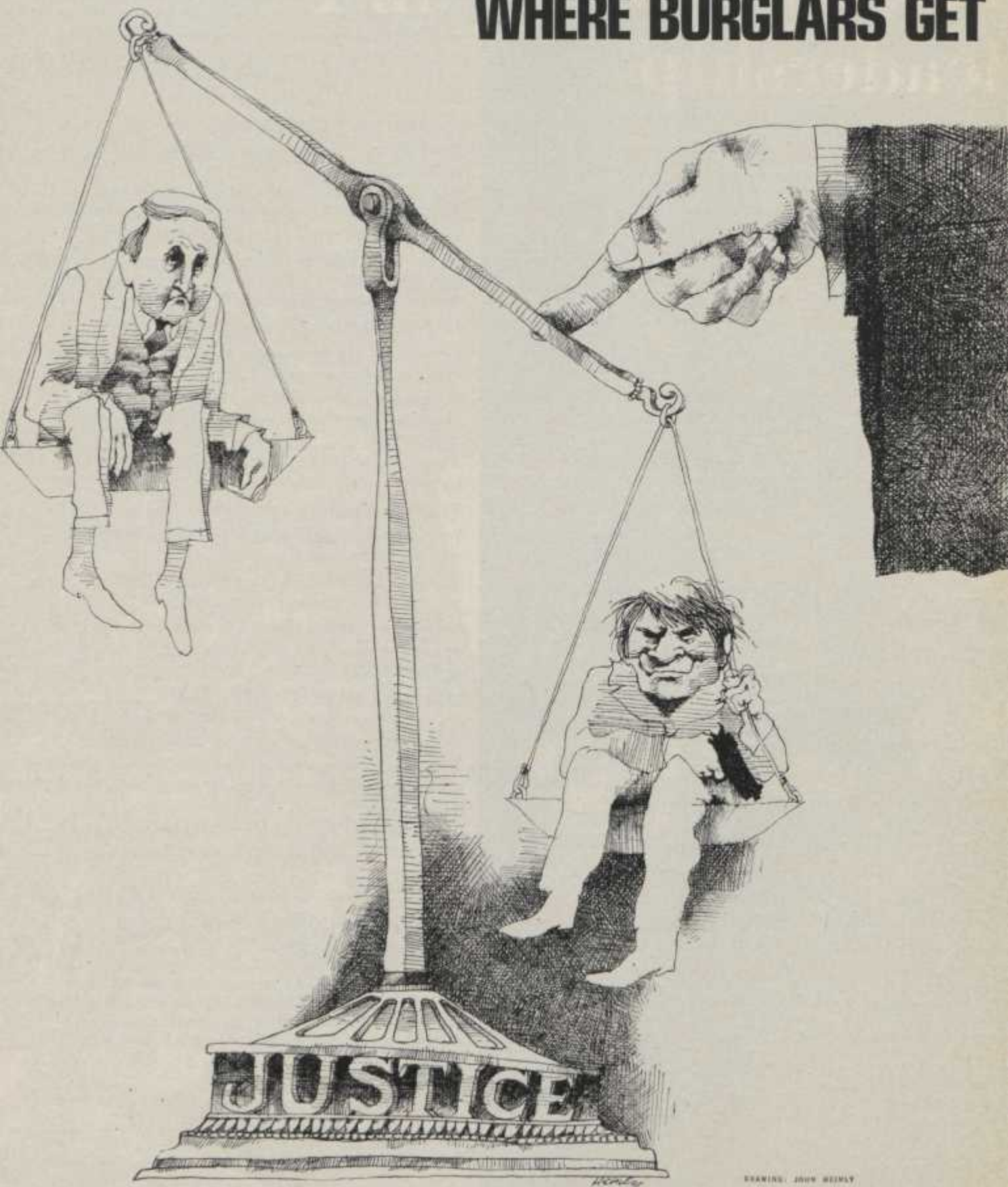
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WHERE BURGLARS GET



DRAWING: JOHN HEINTZ

BETTER BREAK THAN BUSINESSMEN

Millions of law-abiding businessmen are now subject to treatment the U. S. Supreme Court has ruled unlawful when applied to common criminals.

The courts, cheered on by liberals everywhere, have moved dramatically and forcefully in recent years to safeguard individual rights. But the plight of the businessman in his relations with federal administrative agencies, which regulate most of interstate commerce in America, has been overlooked.

Supreme Court decisions hold that police and prosecutors are not allowed to put defendants to inquisition. The accused also must be advised that they need not confess and that counsel will be provided for them if they want it.

Many other provisions long have been part and parcel of what is generally referred to as due process—such as:

- All men are presumed innocent until proven guilty by a greater weight of the evidence.
- The officer who prosecutes a case cannot be the same man who sits in judgment nor can he impose the punishment, if any.

There is no doubt that the recent Supreme Court interpretations of our Bill of Rights incline many thoughtful citizens to the growing opinion that the rights of law-abiding citizens have been subordinated to those of criminals.

All of this criticism could be avoided if the Supreme Court treated burglars the same way it treats the American businessman. Most of the safeguards to overly speedy justice are avoided when dealing with businessmen charged with vio-

lating federal laws regulating interstate commerce.

Why should burglars and other criminals, who pay no taxes on their estimated \$40 billion annual take, get better treatment than businessmen who are the government's main source of income?

Why should the many businessmen who come under the jurisdiction of administrative law accept the special strictures this law applies exclusively to them?

Certainly they do, with considerably docility.

A successful businessman follows established rules of conduct. He pays his bills, honors his contracts and obeys the law whether he likes its provisions or not, else he soon finds himself outside the pale. He accepts the fact that for over a half century the established rule of administrative law allows the score of federal regulatory agencies which prosecute him to judge him also.

This may disturb him at first, but he is somewhat reassured when he goes to trial to hear the prosecutors refer to themselves as a quasi-judicial court. It seems to him he is in front of a court. It has all the appearances of one.

The commissioners of federal regulatory agencies sit on a high bench just like judges. Everybody arises when they enter the room. Witnesses are sworn; decorum and dignity are the order of the day. But the businessman will find out there is a great difference between the quasi-judicial treatment he gets and the real judicial treatment accorded a burglar.

Burglars get better break

To illustrate, take two cases: One involving a businessman and one a burglar. Assume both are guilty or assume both are not guilty. We are not concerned with what they did, but with how and why two widely divergent methods are used in dealing with these two suspects. There is a tender set of laws for burglars and a tough set for businessmen.

In other words, the government practices what it does not preach.

It practices discrimination. And in this case, it is against the majority—not the minority. We hear much these days about *de facto* discrimination—favoritism not recognized by law, but nevertheless practiced. The discrimination against businessmen is not only *de facto*, it is also *de jure*. It is recognized and enforced by law.

For businessmen there is no freedom from inquisition, a presumption of innocence until they are proved guilty by a preponderance of evidence, a trial before an impartial judge and a jury.

If a burglar got the same treatment the businessman gets, his house could be searched regularly. The function of prosecutor, judge and jury could be consolidated in the hands of one agency.

The commissioners of some federal agencies, who devote their efforts to rooting out bad commercial practices, believe they have become so expert that, when a businessman comes to trial before them, it is not necessary to waste time proving his guilt by a greater weight of the evidence. The commissioners, having originally prepared the charges against him, apparently instinctively sense whether or not the man is guilty. All that the administrative law requires is for them to put some evidence in the record or, if there is no evidence, at least some inferences upon which guilt may rest, and the Supreme Court will not interfere with their judgment.

FTC in action

Let me give an actual case which was tried when I sat on the Federal Trade Commission.

There was a businessman whom the commissioners suspected was injuring some of his customers by giving quantity discounts to others. So a complaint was filed against him. At his trial, testimony was sought from those who were injured. FTC personnel traveled all over the United States and couldn't get a single customer to say he was injured.

If the agency had been ordinary prosecutors and had to try that case

LOWELL B. MASON who wrote this article, is a former member of the Federal Trade Commission, a lawyer, a vigorous defender of individual liberties and a colorful author and speaker. He has served in both the legislative and executive branches and at national, state and local levels of government. He is author of the new book, "The Bull on the Bench."

before a judge and jury, it would have lost. But being quasi-judicial, FTC just inferred the customers were injured, and found the man guilty right away. He was mad, of course, and appealed our decision. But when a quasi-judicial commission says a man is hurt—he is hurt.

This conclusion the Supreme Court heartily approved on the grounds that either all the witnesses were too dumb to know they were hurt or were not smart enough to object—and besides, why should the court question the judgment of a bunch of experts like Federal Trade Commissioners?

I've always been proud of my decision in the case. I voted against the order.

FTC expertise has reached such occult dimensions that even if the defendant had done no wrong at the time we sued him, if we predicted his acts might develop evils later on, we issued an order against him anyway.

Just think of all the robberies and murders that could be prevented if a combination policeman-prosecutor-judge were endowed by statute with the same wisdom and authority. Then they could lock up everybody who had "the tendency and capacity" to do evil.

But these plenary powers apply only against businessmen. If a witness is not a businessman but a communist, and his organization is on trial before another quasi-judicial court (the Subversive Activities Control Board), the statute strictly forbids a finding of guilt unless there is a preponderance of evidence to support it.

Legal counsel barred

One Supreme Court decision points out that, under the authority of an Ohio statute, a businessman being questioned regarding incidents damaging to the economy in a general administrative inquiry is not even allowed to have his lawyer present.

If this businessman had been accused of a criminal act, an arresting officer would have to caution: "You don't have to say anything or answer any of my questions if you don't want to. We'll let you have a phone so you can call your lawyer or a friend or relative. If you can't afford a lawyer one will be furnished to you if you want one."

And what about inquisition in America?

Federal agencies that regulate

businessmen have power to require them to file answers to specific questions, as to their work, business, conduct and practices.

They have far more power than the courts possess. These Federal policemen can not only investigate, but even snoop and harass.

Here's what the Supreme Court said about them in the Morton Salt Co. case:

"It [the federal agency] has a power of inquisition, if one chooses to call it that, which is not derived from the judicial function. . . .

"Even if one were to regard the request for information in this case as caused by nothing more than official curiosity, nevertheless, law enforcing agencies have a legitimate right to satisfy themselves that corporate behavior is consistent with the law and the public interest."

"Official curiosity" can cover a lot of territory.

And if conducted by a state official or anyone he designates to do the job, an investigation may be in secret. All friends, relatives and defendant's attorneys are strictly excluded, for as the five to four majority of the Supreme Court said: Advisers to a witness might encumber the "proceeding so as to make it unworkable or unwieldy," and "the presence of lawyers is deemed not conducive to the economical and thorough ascertainment of the facts."

As students of history remember, there was an alarming rise in the French crime rate before the French Revolution, just as there is here in America today. M. Seguer, a chief prosecutor under Louis XVI, demanded many of the same shortcuts to speedy convictions that are being urged today. He got them. Later on the same sort of instant justice was gleefully applied to send Louis and his cohorts to the guillotine.

Will court relent?

But does history have to repeat itself?

While, I predict, we'll never treat burglars as badly as we do businessmen, what are the chances of government treating businessmen as politely as it does burglars?

I'm not too optimistic about this, though recent decisions indicate the Supreme Court is getting fed up with wearing two faces—one for burglars—one for businessmen.

Here's what these decisions were all about.

Everybody knows a burglar's home has always been his castle. If government agents wanted to break in and look under his bed, they first got a warrant to do so. This was because the Constitution says anyone suspected of burglary can't be forced to convict himself.

But ordinary citizens?

They weren't suspected of anything, so it was all right for agents to wander through their bedrooms, parlors and baths without messing around with warrants. All the agent had to do was bang on the door and yell, "Hey, you! Lemme in!"

Now the Supreme Court says, "No more discrimination. When it comes to a man's home—treat him just as nice as you do burglars."

But one swallow doesn't make a summer.

What about the other judicial discriminations against the business community? What about inquisition? What about quasi-judicial officials prosecuting their own cases, then sitting in judgment on their own prosecutions?

Sixty years of legal custom have sanctified it.

For 11 of those years, as a Federal Trade Commissioner, I and my colleagues investigated thousands of charges against businessmen. When we determined there was "reason to believe" the laws of the marketplace were violated, we filed complaints against them.

Then hastily donning our judge's robes behind the bench (figuratively speaking) we solemnly marched into our courtroom. Seating ourselves on our high bench and looking benignly down on the hapless culprits we would say, "Now tell us what this case is all about."

Some bureaucrats (who would have been glad to see me off the Commission) thought I should resign in protest against this direct repudiation of the American concept of separation of powers. Ridiculous—I had no truck with officials who resigned in protest as long as there was any chance to make known their beliefs.

Thanks to President Truman, I had this chance. My dissents, during that 11 years, brought more fruit to freedom than if I had sulked outside the tent.

There's still a long road to travel. But while there's life there's hope.

Who knows?

Maybe some day government will treat businessmen with the same consideration it gives burglars. **END**

GM

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'68



KNOWING YOUR PEOPLE'S ABILITIES

M. J. Warnock, chairman, Armstrong Cork Co., talks about teamwork, challenge, the future, and putting the right person in the right job

M. J. Warnock didn't build Armstrong Cork Co. from scratch. Nor did he rescue it from impending disaster. Instead he took a corporate success and quietly reorganized it, promoted innovation and led it into new markets and greater success.

He was able to do this because he knows every nook and cranny of the corporation. He knows sales, finance, advertising and employee relations because, at different times in his 42-year career with Armstrong, he's managed all of them.

He knows his people. He's on a first-name basis with hundreds of them. His manner is friendly, his appearance scholarly—both of which contradict the nickname, "Moose," that's stuck with him since high

school. "Moose" Warnock is a farm boy who has absolutely no desire to go back to picking hops and selling honey. He's a dedicated businessman whose strong suits are organization, inspiration and service to his community.

Armstrong hired him right out of the University of Oregon, and within two years made him a district manager in Seattle, and about a year after that moved him to its home base in historic and picturesque Lancaster, Pa.

He became a senior vice president nine years ago, was elected president in 1962 and became chairman of the board the first of this year.

In this interview with NATION'S BUSINESS, Mr. Warnock talks about

tearing down organizational fences, keeping cool under pressure, obsoleting your own products and the first money he ever earned.

Your father was a farmer, Mr. Warnock; what drew you off the farm?

I guess it was the money, or lack of it.

When I was about 11, I worked summers in a neighbor's hopyard. My hours were seven to seven, and for that I got \$1 a day. A man who did exactly the same work got \$2; so I didn't think working hops was a very promising career.

Was that the first money you earned?

No, actually I first got paid for picking hops when I was eight. I

remember I made enough money to buy a pocket watch. It was called a Hampton. I had heard of Hampton, and this looked close, so I thought it was a real good watch. I carried that watch all through college.

Our home was burglarized some years ago. My watch and a number of valuables were missing.

About two or three months later, my wife moved a vase and there was my watch. I guess the burglars recognized it wasn't very valuable. But it had a sentimental value to me, because it represented the first money I earned.

You became interested in selling at a rather early age, isn't that right?

Yes. My older brother had an apiary on the farm, and when I was 13 I became the honey salesman. I got good experience from that. I had to make the sales to the stores and do the collecting.

Another early sales experience, I remember, was when I was a Boy Scout. The Scouts put on a campaign to sell Liberty Bonds, as they were called then. I found out I could sell. I was quite amazed that people would entrust this amount of money to a kid.

When and how did you get the nickname "Moose?"

When I was in high school, I played football. In the yearbook that came out after my first year of playing, the caption under my picture read: "He will be a moose next year." I was as tall then as I am now, and I expect I weighed no more than I do now.

I never grew into that name, but it has stayed with me, anyway.

Were you fairly certain when you got to college that you were going to embark on a business career?

Yes, I definitely had that in mind. But just what area of business, I wasn't sure.

Why did you choose to come to work for Armstrong?

Well, before I was graduated, I did as a lot of college boys do today. I sought interviews. There wasn't the campus recruiting there is today. A few people came around, but mostly a graduate had to go out and seek appointments.

I took an insurance course in college, and won a sales demonstration competition. As a potential salesman, you had to find a prospect and set him down in front of all

these insurance people and show how you could sell.

As a result of winning that contest, I got a number of offers from insurance companies.

Then a graduate who was a fraternity brother of mine told me about his job at Armstrong. I frankly knew little about Armstrong at the time—it was just a name as far as I was concerned.

He said that Mr. Prentis, who was then Armstrong's general sales manager, would be in Portland, and would I like to talk with him?

I did, and he offered me a job. I decided it was the best offer I had.

Over the years you have held a lot of different jobs at Armstrong. You have been in sales, employee and public relations, finance and advertising. Is it Armstrong policy to move people from job to job, so they get a fuller grasp of the total company?

We do try to give our people as much experience as we can, but we don't say, "We are going to put you here for so many years and then take you out and put you someplace else." It depends on the person—and the circumstances.

I think I was moved around more than most people of my generation, primarily, I suppose, because of good luck.

How can you tell if a person has leadership qualities?

It's not hard. It radiates from him; you sense it. He gets things done because he has organized himself and his people. He is very often the fellow who doesn't look like he is working very hard, because he knows how to bring the best to bear in his people.

You've torn down some organizational fences in your years at Armstrong, haven't you?

Yes. It's natural for people in an organization to want to compartmentalize themselves. Most individuals innately want to do things tomorrow like they did today; it's easier that way.

We were talking about promotion and my going into advertising. I am sure people in the advertising department would have preferred having one of their own fellows as boss. They would have known him better, felt more secure.

So these fences do build. As long as I've been in general management, it has been one of my goals to tear them down.

The result, I believe, is that we all

work more cooperatively toward a common objective.

How do you encourage the greatest effort from your people?

You define clear-cut objectives—goals which demand above-average performance.

You make sure the individual feels he is part of a team. He knows what's going on; he knows where he stands; he feels he is contributing.

This reminds me of a story Mr. Prentis used to tell to show the difference between the fellow who's just a worker and the fellow who's a member of the team.

This goes back to the time Sir Christopher Wren was building St. Paul's Cathedral.

A man stepped up—I presume he was one of the original Gallup pollsters—and asked the man who was working from blueprints what he was doing. He said he was reading blueprints and telling others what to do.

Then he asked the bricklayer what he was doing, and he said he was laying bricks.

He went through the whole list until he got to the man who was carrying the hod. He asked him the same question, and this fellow beamed and said, "I'm helping Sir Christopher Wren build St. Paul's Cathedral."

That's the spirit! Feeling you are part of a team and sharing the sense of accomplishment.

High morale seems to be a keynote to Armstrong's success. How do you engender this, and once you have, how do you see that it lives on?

Well, high morale was here long before my time. One reason is because of the principles of this company.

Treat individuals as individuals and not as employees.

I am confident it was this philosophy that helped attract people and instill the kind of spirit we have at Armstrong.

How, in such a large organization, can you tell what an individual is contributing?

It's a matter of organization.

I feel I know personally the contribution of about 250 people in our management group. Through my associates, I know pretty well what another 250 are doing.

We think it's very important for the individual to know that his bosses know what he is contributing.

And to reward that contribution—not based on seniority, not based

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KNOWING YOUR PEOPLE'S ABILITIES *continued*

on what you did last year, but what you are doing now.

We try hard to keep the promotion channels open. If you have an individual who goes stale in a job, you move him to an assignment where he doesn't block the channels of promotion. If you block off a blood vessel or vein, a man can die. It's the same in business.

You've got to keep the organization continually alive with able people.

You can't rest on your laurels in business, can you?

You certainly can't. What is good today won't be good tomorrow.

Change is the only reason you have profit. You constantly seek a better way to do something.

Your company seems to do well through both good and bad times. Why?

Well, because of some of the things we have been talking about. People who are motivated, have well defined objectives and are capable in their own right.

And certainly our diversification helps—no question about that. But into each area you diversify, you find intense competition. You can't let down in one area because you have something else to carry you. It just doesn't work.

What techniques do you use to make decisions?

Well, first, you must ask yourself "Is this a decision I ought to make or is it one that should be delegated?" If it's one I ought to make, then I try to get all the facts and get all the opinions of the people who have the most knowledge on the subject. Based on this and on experience and, I guess, common sense, I decide.

Mr. Warnock, your associates tell me that you keep cool under the most difficult of circumstances.

You've got to. If you let emotions influence your judgment, that judgment is not going to be very good.

How can business best use its talents to solve some of today's social problems?

I could talk about that all day. But I think the first thing is to see what you can do right in your own back yard. We as a company can't solve the problems of the world, but we can do things in the communities where we employ people. And that's the approach we take.

If everybody in business did that, the country's problems would be smaller.

We are buying up some houses in a section of Lancaster that has physically deteriorated. We are refurbishing them and hope that at least some of the people who lived there before can move back.

This is better than the government knocking down the houses and sending the people away.

We are also working with the schools here. We have told them that if they can anticipate likely dropout candidates, we will give them work for half a day if they stay in school the other half.

So we believe that business should be not only a good citizen through participation in community affairs, but should actually be a leader.

What is the most useful executive skill that your years in business have taught you?

I would think it is to recognize able people and to place them in the right jobs and keep them motivated.

I have observed over the years that individuals, if they are above average, usually have a tremendous amount of latent ability. If you know how to tap that ability, you can keep bringing them on and on.

On the other hand, if you don't know how, the individual will never realize the potential he has. It's a little bit like a rubber band. If you don't keep stretching it, pretty soon when you do try to, it will break. Keep stretching the individual's brain; it's amazing how much elasticity it has.

How has the role of the business manager changed in the years you have been in business?

Well, in the earlier days, I think he was more a boss than a manager. His talent came from innate ability and practical experience. Most of what he learned was from people who were business proprietors. He tended to be more paternalistic.

Today, most managers are really professionals. They have learned from all of the theory that's been applied. They demonstrate by their performance that they know how to get people to work together and get the job done.

You've accounted for the past and present, but what will the manager of the future be like?

Because of the tremendous amount of new knowledge unfolding every day, he is going to have to be

a generalist. It won't be enough to know all about computers. He will have to be smart enough to select people who know what they're talking about to bring him the knowledge he needs to make competent decisions.

"Seat of the pants" management is not going to work in the future.

Doesn't Armstrong have a policy in its labor negotiations of offering what it generally feels is the best deal and not holding back pennies for a later compromise?

Yes, we believe in taking plenty of time to bargain with the union to find out what it wants. We also survey the community where we are operating and our competitors.

Then we try to figure what is the right thing to do. We put that into a package and present it to the bargaining committee, explaining why it is our best offer. You see, if we started low, the unions would never know what the top price was. They would have to strike every once in a while to find out.

Are the chances for success as great today as they were when you started?

They are probably greater for an individual who has integrity, creativity and judgment. You know, when I was a youngster, many people were saying the big opportunities were gone. That just wasn't true then, and it isn't now.

How do you relax?

Well, if the weather permits, I play golf. And, of course, I enjoy being with my family. I enjoy television, the theater, traveling and reading.

One of your friends says you are just as careful and deliberate in lining up a putt as you are in making a major decision. Is that right?

Well, I guess so. But did he also tell you that I'm a pretty good putter?

Have you ever, after an especially trying day, wished you were back on the farm?

No.

END

REPRINTS of "Lessons of Leadership: Part XXXIII—Knowing Your People's Abilities" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D. C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance.

The boss, other directors take a close look at company engineering facilities.



Mr. Warnock and other directors check out the quality of vinyl sheet flooring as it rolls off production line at Montreal.



Mr. Warnock tosses the first spadeful of earth at traditional groundbreaking ceremonies two years ago for Armstrong's ultra-modern glass container plant in Waxahachie, Tex.

PUT PUNCH IN YOUR PROGRAM

These simple, time-tested rules will assure the event's success—and make you look like a pro

So you're in charge of your organization's program this year?

Handling programs can be the simplest and most gratifying of assignments.

Like most challenges, success is largely a matter of following certain rules.

First of all, don't play it solo. It's not intended you should be a one-man committee. Besides, there are advantages in having others involved:

- You greatly increase the possibilities for developing program ideas.
- You can more accurately determine the varied interests of the total membership.
- You can split up the work load to insure that no necessary detail is left undone.

Program suggestions are available from a number of logical sources. One service club chairman wrote to 50 affiliated clubs, all within reasonable traveling distance of his community, and asked for a list of five programs which they had scheduled and would recommend. The response was both cordial and productive. Long before his program year got under way, he had compiled a sizable card file of speakers' names, their addresses, performance ratings and the estimated expense in bringing each before his club.

Most organizations do not pay for their programs. This makes it difficult to attract outside speakers. However, the most interesting programs are often found in your own community. Note how often organizations that can afford out-of-town talent schedule local speakers.

Seven things to do first

Paid for or gratis, every successful program involves several essential steps:

- Start planning early. If the speaker is busy and hard to get, all the more reason for contacting him well in advance. This also gives you time to line up another speaker if your first choice declines.
- Offer a choice of several dates. Elmer Wheeler is quoted as saying: "Give the prospect a choice between something and something—never between something and nothing." Your chances of landing the speaker multiply in proportion to the number of alternate dates you make available to him.
- Specify allotted speaking time. If your club's rigid practice of adjourning at a precise time allows for only 30 minutes of remarks, say so. On the other hand, if you can arrange to start the program early to allow extra speaking time, mention it.
- Tell the speaker something about his audience. Tell him whether those present will be men, women or both. If there are certain sensitive topics he should avoid, such as politics, let him know.
- Find out if an honorarium is involved. If there is, be sure it is mutually understood that the figure agreed on is an all-inclusive amount or an honorarium plus expenses, and how much.

DUANE EVANS, author of this article, has been involved in program planning for 15 years as a chamber of commerce executive. He is presently manager of the San Joaquin Valley Region of the California State Chamber of Commerce and program chairman of the Fresno Rotary club.

DRAWING: CHARLES A. GUNN



Avoid long preliminaries

- Confirm all arrangements by letter. Restate time, place and program date. Mention again the allotted speaking time. Identify the speaker's subject. Detail the honorarium arrangements. Explain how to travel to and from your city. Request photos and a biographical sketch for publicity and introductory purposes.

- Build advance interest in your program. As soon as you receive the information on your speaker, send a news release to your local newspapers, radio and TV stations or phone the information to them. Attention-getting announcements sent to your club members will help build attendance. Many organizations find telephone reminders effective. Above all, sell the program on its merits—not on the member's obligation to attend.

Make your speaker feel at home

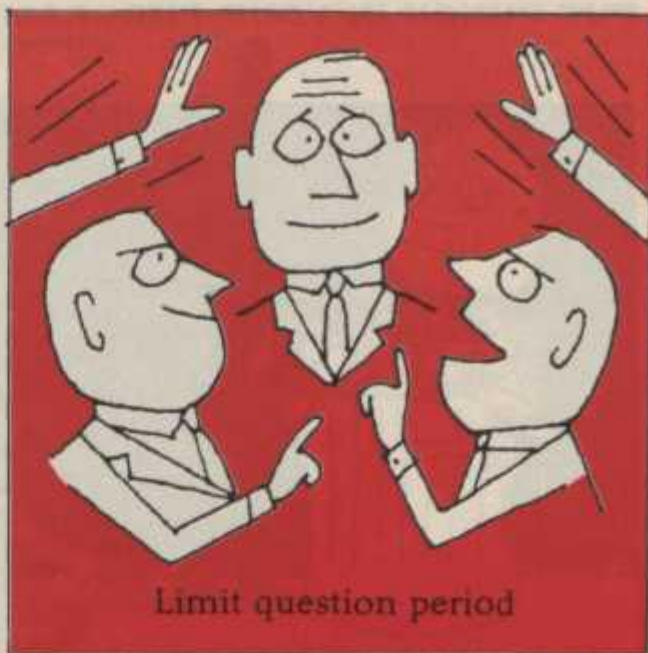
A visiting speaker deserves the same attention and consideration as a house guest. When he arrives, be sure his room is ready. Take care of his transportation to the hotel. For heaven's sake, give him some time to himself.

If he elects to get to the hotel on his own, call him quietly after learning of his arrival and welcome him to the city—by phone. A pre-program schedule of activity is seldom an attractive prospect for the freshly arrived traveler. Dr. Kenneth McFarland, guest lecturer for General Motors Corp., suggests, "The best host committee is the one that makes it easy for the speaker to do what he wants to do. Maybe that is simply to rest."

A written timetable is often appreciated if printed programs are not available. Some program chairmen brief the speaker on who will join him at the head table.

A choice of menus is a thoughtful gesture. Frequently the speaker prefers to eat after he talks.

A well-known entertainer insists that a lengthy questionnaire be filled out for him before he will consider a personal appearance. It covers the most minor



details, from the quality of the acoustics to the brand name of the public-address system.

Long experience has alerted him to the probable pitfalls in working with well-meaning but inexperienced program chairmen. While your check list may be shorter, there are some "musts" to be remembered:

- Position the head table away from the main entrance to the meeting area. This minimizes the distraction of latecomers and early goers.
- Always provide a lighted lectern. Not all speakers use notes. Others, who do, would be badly handicapped without a podium.
- Be sure the microphone works. Composer Meredith Willson says he could write a book on the tragedy of poor sound systems, not to mention out-of-tune pianos. It's an unfortunate fact that many multi-million dollar hotels, with their lavishly planned meeting facilities, frequently have the world's worst public-address system.
- Be sure there is proper heating and ventilation. Don't wait until the speaker is in the middle of his address to check out the air conditioning.
- Check with the kitchen staff on the serving schedule. Arrange to have the tables cleared before the speaker is introduced.
- Have the hotel hold all telephone messages until after the program, with the exception of emergency calls.

Pitfalls to avoid

The principal success factor in any program is to start on time. Nothing is more discourteous to your invited speaker than pre-empting a part of his allotted time or, worse, delaying his appearance until the late hours of the evening with too much preliminary program. This is perhaps the most frequently violated rule in program planning.

Ohio State Sen. Tennyson Guyer tells about an experience he had many years ago when he drove to a city in Eastern Ohio to keep a speaking engagement:

"A heavy snow came unexpectedly, roads were





hazardous, and I finally arrived at the meeting place—tired, late, hungry, anxious and completely worn out.

"But I was congratulating myself that I had made it. I was the main speaker and the occasion was the seventy-fifth anniversary of the organization and we had 700 people there.

"Since everyone had finished dinner, I waved mine aside as I wanted to be all ready to go. This was 7:15 p.m.—and admittedly I was 45 minutes late for dinner, but plenty early for the program. And I had come 200 miles through snow and ice to get there.

"The program chairman began introductions by the dozen," Sen. Guyer recalls. "Then came a word from past officers—by the dozens. Some music, history of the organization, more music. Special numbers and more special numbers. I kept waiting, and each time felt like a prize fighter up for the big fight only to have it postponed.

"Then it got ridiculous. A magician came on—45 minutes of that. Some singers, with encores; then a dance team, while mother stood in the wings, sending them back again and again.

"I was finally introduced at 20 minutes to twelve! People groaned and started for the cloak room. I bounced up with this opening remark: 'If I had my check I'd go with you.'

"I talked nine minutes; held my anger down as best I could; marched to my car and started the treacherous drive back home—still hungry, boiling, muttering to myself and probably only the adrenalin kept me awake all the way home. I never did get that dinner, and when I pulled into my driveway, it was 6:30 a.m."

Unfortunately, times haven't changed. Sen. Guyer's experience has been, and is still being, duplicated in meetings all across the nation. It is typically an example of man's inhumanity to man via the thoughtlessness of an inexperienced or far too casual program planner.

Another repeated violation of good program manners is the too lengthy introduction. Most speakers prefer you limit their introduction to about two minutes. A standard guideline is the three W's:

1. Who is the speaker?
2. What has he done?
3. Why is he here?

Don't put the speaker at a disadvantage with any embellishment of the biographical facts. Don't attempt to emphasize how well you know him, if you are personal friends. Introduce him with as much dignity as you would introduce a speaker you had just met.

A question and answer period following a speech is a debatable extra. Generally, speakers like to conclude their presentation on a high note of inspiration, if possible. The effect is often destroyed by adding a question session.

After the speech is over

All speakers agree that one of the most important obligations of the program chairman is to see that the same enthusiastic hospitality prevails after the program as before. This is the time to suggest newspaper and television interviews, a tour of the city's attractions or again a period of time to himself, should the speaker wish it.

If you do escort him on a visit, don't let him pay for anything. He is still a guest of your club. Have his honorarium check ready before he leaves town.

Be sure he has a way to the airport or his travel point when he wants to leave.

Sen. Guyer perhaps speaks for many of his platform colleagues when he says: "A courtesy car with a smile beats a \$10 or \$15 cab fare and the feeling that nobody much cared, after I was through, whether I lived or died."

Never close the file on a program until after the thank-you letter has been sent. Include any news clippings about the speaker's visit and talk. If you mention favorable comments expressed by members of the audience, it will be much appreciated.

Don't worry whether the program was a success. Program evaluation is the least of your problems. In a recent workshop meeting of service club program chairmen, the moderator asked if anyone had considered organizing a secret committee to evaluate their program each week.

One of the participants, who represented a large club in Texas, was quick to respond:

"Who needs a secret committee? We've got 500 members who'll tell you, 10 minutes after the meeting, how it turned out."

Program success is the happy blend of audience interest, speaker qualification, time consideration and all-out hospitality—plus the chairman's thoughtful planning, skilled enterprise, enthusiastic energy and observance of these time-tested rules. **END**

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An international executive recommends a six step program to avert potential economic war

Today, after 20 years of American-European unity, there are trends that could lead to economic and social war.

Writing from Paris, *Express* editor Jean-Jacques Servan-Schreiber uses the word, "war," in his best-selling book, "Le Défi Américain" (The American Challenge) which sold a record 250,000 copies during

GENE E. BRADLEY, authored the just-published book on "Building the American-European Market" (Dow Jones-Irwin, Inc.) for the Atlantic Council of the United States. The book probes into trade, investment and other management challenges in planning for the 1970's. With General Electric in Washington, D. C., Mr. Bradley is responsible for the company's international government relations. He is a director of the Atlantic Council and a member of various international committees including the American Chamber of Commerce in France. The views and proposals in this article are his own and not necessarily those of any single organization with which he is associated.

its first seven weeks of publication.

The threat, he warns, comes from "the invasion of Europe" by American businessmen. He believes that in 15 years, the third industrial power, after the United States and the USSR, could well be not Europe but American industry in Europe. The ultimate risk, he states, is that Europe could "cease to be a zone of advanced civilization . . . and in one generation."

Servan-Schreiber is not generally considered anti-American. His sentiments reflect a groundswell of concern within Europe.

In all our Atlantic Council studies of the U. S.-European business climate during recent years, I have never seen European fears so close to the surface, even among our closest friends. Some are even beginning to consider calling for government action to curb American "advances."

One French executive warns: "European industry must raise its voice on high to their governments; we must combine our voices in protest."

A Britisher confides that much of

the anti-American sentiment boils down to the point that America is the dominant power in the world, and the rest of the world knows and resents this fact.

His solution is simply to learn to live with criticism. This, however, does little to repair relationships or to help us get on with the job of building a better international business community.

Challenge to U. S. businessmen

This is a challenge which American businessmen are well qualified to accept. It is a challenge where the national interest and corporate interest are one. Businessmen can forge private ties across the Atlantic at the very time political ties seem to be weakening.

American businessmen have always been committed to national causes. They delivered the weapons that stopped the armies of the Kaiser and Hitler. They designed the defense and aerospace systems that have contained communism for over two decades. They launched the technological revolution which—intelligently managed—could ben-

efit mankind more than all other revolutions in history.

Today's challenge is no less than "programming" the business-social world that is desirable and economically attainable, and then devising the machinery for getting from the world of today to the world of a decade hence.

This challenge will involve a massive "joint venture" between government and industry and between America and Europe that will be far greater than even our most sophisticated satellite programs.

The stakes are not just corporate growth and profits, though these decidedly will be affected. The stakes take on the proportions of prosperity vs. depression, war vs. peace—a "life and death dichotomy," as viewed by Olivetti's Dr. Aurelio Peccei in his introduction to our just-published Atlantic Council book on "Building the American-European Market" (Dow Jones-Irwin, Inc.).

Bank of America's Rudolph A. Peterson agrees. His judgment is that, unless basic business reforms are worked out between America and Europe, current trends are sufficiently grave that they could undermine world prosperity, lead to increasingly bitter nationalism and even endanger the peace.

To be sure, European sentiments are understandable, whether justified or not. And, unfortunately, it is easier to call for action against the American "menace" than it is to create the needed reforms which Europe truly needs.

Even the Administration's new restrictions on U. S. investment in Europe are not likely to placate those abroad.

How Americans feel

On our side of the Atlantic, there is another set of sentiments equally understandable—and equally antagonistic to collaboration.

Through two decades and four Administrations, the American people have sustained a policy of helping to provide security and aid for a world in turmoil. And they are continuing to fulfill their global commitments to NATO, to South-east Asia, to several score countries on all continents—at great sacrifice in material and human resources. But even while standing firm for what they believe is right and necessary, they are understandably weary of being misunderstood—weariness of having their dollars consumed, their motives questioned, their policies attacked—weariness

being blamed for what is wrong in the world.

This weariness helps explain the unexpected surge of protectionist sentiment on Capitol Hill, where proposed quota legislation would freeze out \$6 billion of foreign imports.

But "understanding" Europe's sentiments and America's sentiments does not, in itself, create harmony.

U. S. government officials in Washington and Europe are deeply concerned over the growing disunity among allied nations. One American ambassador suggests that the multinational corporation, with its capacity to transcend borders and unite diverse nationalities in a single common purpose, may lead eventually to political solutions among nations.

Opportunity for corporate actions

The obvious conclusion is that the U. S. corporate official has a unique opportunity to help realize the great potential inherent in Atlantic unity as he plans his own market development in concert with his European associates.

The important question is not how to fight each other over current limited markets, but rather how to expand the markets to meet the vast requirements of humanity. This calls for a healthy mix of cooperation as well as competition.

The real issue is not whether there is too much U. S. investment in Europe, but whether there is enough investment in the world to do the total job.

To achieve a satisfactory growth rate, General Electric Board Chairman Gerald L. Phillippe estimates that during the next decade the United States alone will need some \$600 billion in new, private capital investments. Europe will need about the same, another \$600 billion—over a trillion dollars in all.

Another \$1 trillion for the remainder of the free world would seem a reasonable estimate. All told, about \$2 trillion in the next decade. An investment expansion program of this size is staggering in its implications. It is beyond the capacity of any company, or country or continent to go it alone.

The name of the game is "to share." Europeans want to share in the technological revolution that began in the United States. American-European industrial cooperation is their shortcut to success, and ours.

U. S. businessmen have the tools and experience to meet the challenge. These tools include manage-

ment proficiency second to none; manufacturing, engineering and marketing skills honed fine in creating the world's first mass market (the United States); and a wealth of background in cooperating on joint programs with government, education and private organizations—a team approach which most European companies lack, but sorely need.

Further, U. S. businessmen have developed a social responsibility in supporting foundations, underwriting educational programs and aiding worthwhile youth and civic groups all of which contribute to the well-being of society. These, also, Europe sorely needs.

With these as strengths, the following six points are suggested as actions—so that U. S. companies can transplant their strengths successfully from American to European soil. Some of these points are already being acted upon, and with notable results; others will require new initiatives:

1. Developing a corporate strategy based upon what Europeans want.
2. Structuring the "multinational company" in harmony with these wants.
3. Advancing research and development in Europe.
4. Stimulating management and education in the host countries.
5. Working for liberalized and equitable trade policies.
6. Fostering understanding among business and industry associations.

Each of these is developed in depth in the Atlantic Council book. Here is a summary:

1. Recognizing what Europeans want:

In reality, the U. S. business problem in Europe is less technological or economic than it is psychological. It is learning to conduct business in Europe in ways that clearly are in accord with European wants and aspirations; and to the maximum extent, to do so on a team basis.

Hence the starting point for a U. S. corporate strategy for Europe is to learn the aspirations of foreign peoples—not just their buying potential, but their local problems, traditions, hopes, fears, pride. This takes on-the-spot study and research. This is normal business practice for developing a market in New York, Detroit, Louisville and San Francisco, but a practice too often neglected for Paris, Milan, Frankfurt and Stockholm. Europeans don't quite forgive Americans for this omission.

The job may seem formidable to

some U. S. companies because of geographic and language barriers. It need not be. It can be exciting and rewarding. There are knowledgeable allies already on the scene who can provide invaluable help. These include:

- **U. S. Embassies:** Often overlooked, they are sensitive to the political situation, and receptive to business needs. Advance consultation can sometimes turn a touch-and-go situation into success. Start with the commercial minister or counselor, but don't ignore the economic minister or the ambassador himself.

- **American Chambers of Commerce:** Excellent facilities. Cooperative, rich in daily operating experience, its members know the ropes and pitfalls. But the "Am Chams" regrettably are not fully used. Further, they can provide a valuable link to Chamber of Commerce of the United States headquarters in Washington which, in turn, is in touch with both Washington government agencies and U. S. corporate home offices.

- **U. S. banking subsidiaries:** Often used, and effectively. They can provide industrial and political "intelligence" as well as financial support.

- **Host-nation institutions and associations:** The Patronat in France, BDI in Germany, British Confederation of Industries, and so on. Usually neglected, which is a diplomatic faux pas.

Some Americans shy away from European contacts because they are cautious about U. S. antitrust laws as they might apply to American companies doing business with Europeans. But Americans can talk business with Europeans, can work on the same team with them and still stay legal. Again, U. S. offices like the embassies and Am Chams can help.

2. Structuring the multinational company:

The structure of the multinational company should grow out of point one: recognizing what Europeans want. It should not be arbitrarily imposed upon the Europeans from the outside. Conversely, it cannot be restricted to what Europeans want if those wants violate sound, progressive management practices. It should be in the combined best interests of the host nation and the multinational company doing business there.

There are innumerable patterns of ownership and management involving the parent company and its subsidiaries; the key is a combination of efficiency and team organization. It is a constant striving to combine the best of both world's: advanced U. S. management methods and Europe's unique needs and capabilities.

Most Americans would oppose arbitrary organizations or codes of good behavior which some Europeans propose.

But Americans should not dismiss lightly the seven criteria for multinational operations which summarize many European proposals heard to date:

- Management by host-nationals.
- Stock acquisitions by employees.
- Stock acquisition within the host country.
- Joint ventures (not complete U. S. ownership).
- Local capital participation in the subsidiary.
- Personnel policy of bringing top men to the world headquarters based on greatest ability, not nationality.
- Decentralize research and development into the countries where subsidiaries operate.

Valuable corporate examples can be cited of companies building success stories on criteria such as these—Ford, Upjohn, Chase Manhattan, J. Walter Thompson, Eastman Kodak and Esso, to mention just a few.

3. Research and development:

Few issues are more volatile than that of American R&D superiority. Europeans call it the "technology gap," a problem not all that simple. Indeed, a case can be made that European technology is equal to or better than that in the United States in such fields as metallurgy, plastics and synthetic fibers, steel casting processes and high-speed surface transport.

Answers lie not in pitting our two great continents against each other in technological tests of strength. Answers will be found in helping to break down nationalistic barriers as companies from all countries learn, increasingly, to share R&D through investments, joint ventures, consortia and other multinational corporate ventures.

What can the U. S. corporate executive do?

First, he can take off his blinders as to the opportunities for R&D operations in Europe. We Ameri-

cans have sometimes acted as if we had a monopoly on creativity, yet many of today's most advanced products had their origins in European laboratories.

Second, he can do a more thorough job in correlating his company's laboratories on both sides of the ocean.

Third, he can work to strengthen the manpower base for R&D in Europe, through European schools and institutions.

4. Stimulating management and education:

Author Servan-Schreiber accurately notes that the "technology gap" is more basically a gap in management and education. Here is an outstanding opportunity for U. S. companies to help stimulate management education in Europe, as they have already done in the United States.

The fact is that European institutions are not training the large corps of professional managers needed to manage technology, innovation and growth at the corporate level through the decades ahead.

Nor are U. S. institutions gearing their future business graduates to building the world's greatest growth market.

U. S. business managers can support schools such as the European Institute of Business Administration (INSEAD) at Fontainebleau, France, which is doing pioneering work on the continent.

They can develop their own in-house training programs calling on groups such as INSEAD for support.

They can support U. S. schools which have already formed joint ventures with counterpart institutions in Europe. In this vein, Harvard Professor Edward C. Bursk is spearheading an effort to evolve an International Business Development Program in which these schools can be brought into closer and continuing working relationship.

5. Liberalizing trade policies:

With Kennedy Round GATT negotiations completed, future trade negotiations over the next few years will center around nontariff barriers.

In some U. S. corporate circles, there is strong conviction that nontariff barriers must be removed if we are to realize a positive gain from the Kennedy Round. Often it is

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the restrictive nationalistic practices, not the tariffs, that throttle U. S. exports.

A number of Europeans feel the same; and GATT Director General Eric Wyndham-White has said that the next attack should be on the nontariff barriers.

But while the governments do the negotiating, only private businessmen can supply the ammunition to knock down the barriers. This means better homework on a company-by-company basis.

The Administration is aware of the need to support private companies. Its officials are aware that failure to do so could hamper seriously the export drive needed to carry out the President's new program designed to cut the U. S. balance of payments deficit by \$3 billion this year. Officials also recognize that stepped-up support from business is necessary to discourage the rush for quota restrictions in Congress.

In sum, initiatives by both businessmen and government leaders are needed to pinpoint trade barriers still to be removed, and then remove them.

6. Foster understanding among business and industry associations:

Daniel Parker, chairman of Parker Pens, and the new chairman of the National Association of Manufacturers, proposed in the Atlantic Council book that a Council of Atlantic Industrial Associations be formed.

In such a forum, he said, the "understanding gap" could be met head-on "by men already possessing not only common interests and goals, but common experience and problems."

This would be a forum where businessmen from all regions of the United States and all the nations of Europe could, through their own associations, bring together problems of mutual concern.

Despite the politics, despite the headlines, European and American business today enjoy healthy rapport. On a person-to-person basis, relationships are almost invariably cordial. But too few occasions present themselves for Atlantic Community businessmen of goodwill to meet and reason with each other.

Such a program should build on programs and relationship already

in being, such as those of the Am Chams and International Chamber.

American businessmen are expanding into larger and larger worlds of social responsibility. At one time, their role was limited to satisfying conventional human needs and wants. However, the urgent demands of this century's major wars (and continuing cold war) enlarged the responsibility to include national security and survival.

During the past very few years it has expanded still further to meet such nonmilitary needs as urbanization, education and transportation on a "systems" basis. With this experience under their belts, it would seem pessimistic, indeed, if businessmen could not do similar planning to advance the world interests—on a businesslike basis—on the international frontiers of trade and investment.

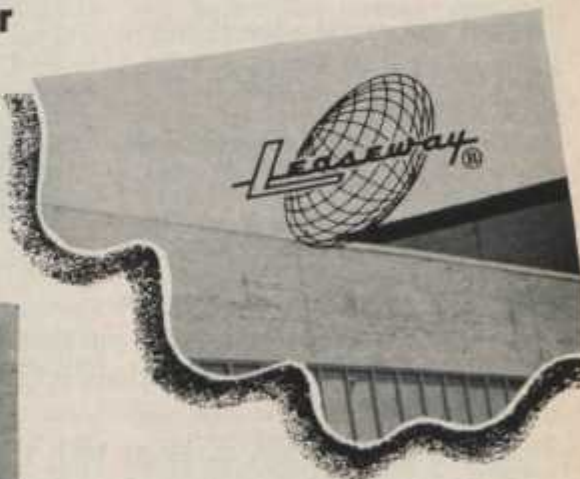
Based upon all this, the achievements by businessmen in the '70's can be extraordinary. It will depend upon how well the many common enterprises across the Atlantic Community set their goals, seize the initiative and program for success.

END

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THE REASONS TOP EXECUTIVES CHANGE JOBS

A veteran recruiter discusses the shifting demands of the corporate suite and how they are being met

What makes executives change jobs?

What kinds of managerial skills are most in demand now?

What's the most vital variable in business today?

These and other questions are answered by Sidney Boyden, president of Boyden Associates, Inc., the largest executive search organization in the world. His firm has placed in their present companies such men as Harold Geneen, chairman of International Telephone and Telegraph Corp., Arthur E. Larkin Jr., president of General Foods Corp., Virgil E. Boyd, president of Chrysler Corp., Robert Fickes, chairman and president of Philco-Ford Corp., A. King McCord, chairman and chief executive officer of WABCO, Stuart K. Hensley, chairman of Warner-Lambert Pharmaceutical Co. and other important leaders of industry.

Mr. Boyden's firm goes after the top-rung corporate officer talent. In his 25 years in the business, veteran Sid Boyden is on a first-name basis with hundreds of prominent business leaders. Thousands of other executives he and his recruiting associates don't know personally are being watched from afar. The Boy-

den organization keeps tabs on them, eyes their progress, looking to the day when they, too, may be picked for a bigger, more rewarding challenge in business.

In the following interview with a NATION'S BUSINESS editor, Mr. Boyden looks at this intriguing work fitting industry's most imposing round pegs in round holes:

Mr. Boyden, you deal in the market of successful, well-paid, high-level executives who should be well satisfied. What makes a person want to change when he is doing so well?

I don't think there is any one dominant reason why a senior executive is interested in making a move. There are a number of factors that could influence a man in considering another opportunity.

First of all, most American executives are ambitious. If they feel that the company they are with, for some reason or other, isn't going to afford them the opportunity to move up, they are inclined to look around or be receptive to discussions with other companies.

A man who is a senior executive may find himself with a company in a product line that is becoming obsolescent. So at a time when he

is on the up curve, the company is on the down curve. So he wants out. Or a man may find that the company does not have a stock option plan. He is interested in capital gains or in being able to build an estate.

He may be the victim of nepotism. Or he may find himself stymied under a younger man.

There are a number of reasons that would influence a man in considering another company.

You speak of senior executives. How would you define a senior executive?

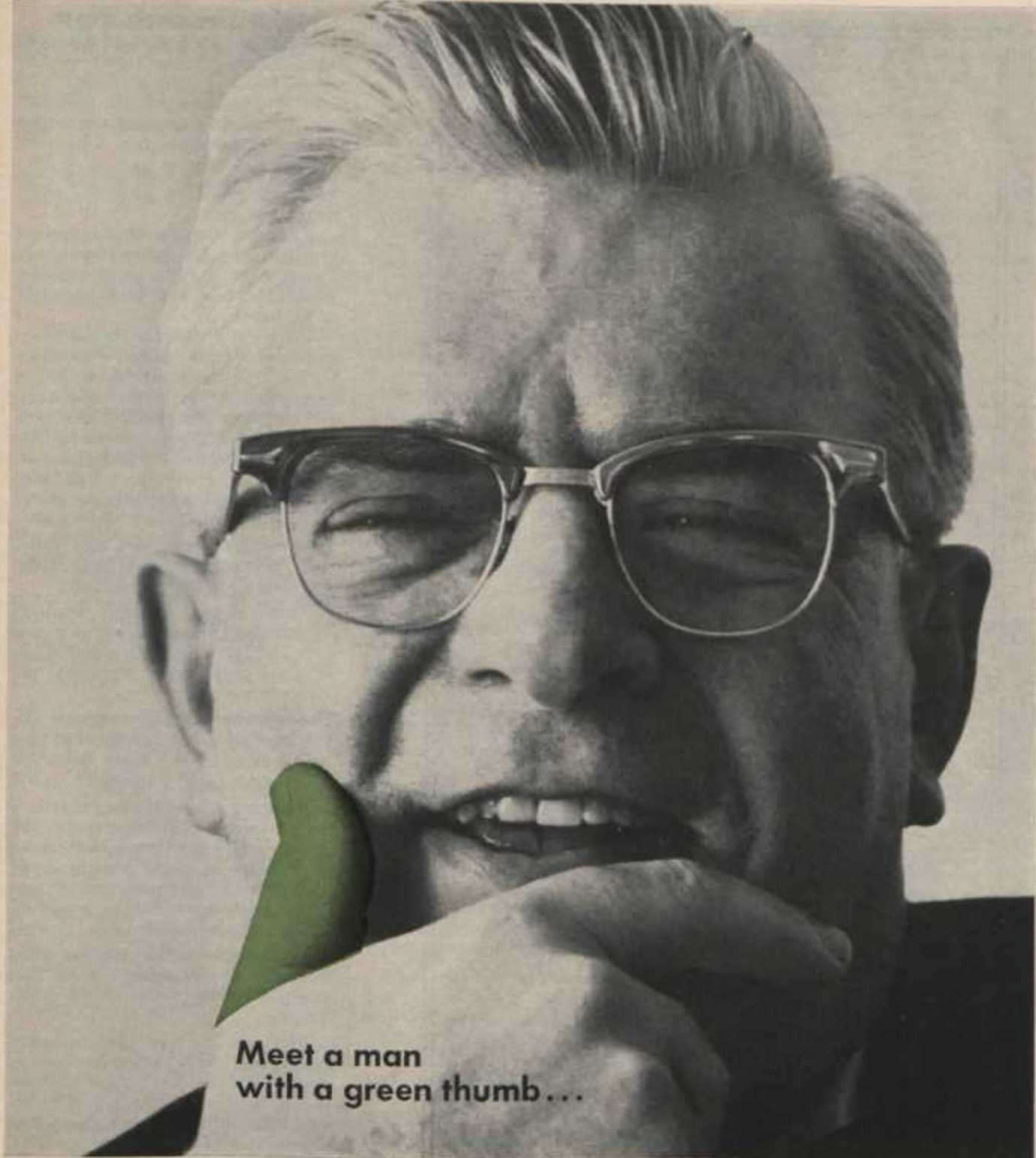
Our definition of a senior executive is one at the officer level or in the president's immediate family of executives or a man heading up a major division or department of a company.

Then in your work you have to use a great deal of salesmanship, don't you, to draw a man who is basically satisfied with his job to another one?

That is right.

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THE REASONS TOP EXECUTIVES CHANGE JOBS *continued*

ger job may be awaiting him. How do you contact him?

Well, before we would contact the man we would first learn a great deal about him.

After we have fortified ourselves with considerable information about this man, we would pick up the telephone and talk with him, normally at his home.

I can't call the man in his office and have a good, relaxed discussion.

The idea of security is one of the very prime factors in our whole operation. It is confidential both from the standpoint of protecting the identity of our client and also protecting the interest of a man who might be willing to have an interview with a client.

Didn't Boyden Associates have something to do with the president of Gillette moving to Warner-Lambert?

That's right. We were retained by Warner-Lambert to locate a new president recently. This is typical of some of the very high-level assignments we handle.

When Warner-Lambert came to you, did they lay out carefully what they were looking for in a man? Or do you have rather vague outlines to go by?

We were given definite guidelines of the responsibilities which this man would face, the product areas from which he could possibly come and also the long-range objectives of the company which he would be expected to implement.

You brought Harold Geneen from Raytheon to ITT, didn't you? Can you just briefly review what was involved?

ITT was a large international corporation with extensive overseas operations. It was rather loosely controlled financially and made up of public utilities and manufacturing units in a number of countries.

The problem was to bring in a man as president who could weld this widespread group of companies into a tightly knit operating unit and put it on an improved profit basis and also move into further growth through acquisitions.

Hal Geneen was selected as the logical man to fill this position because of his very successful background as executive vice president of Raytheon and prior to that as financial vice president of Jones & Laughlin and, previously, treasurer of Bell & Howell.

He possessed a great deal of financial acumen. I had known him well for years. And the fact that he was highly qualified for the position is demonstrated by the subsequent growth pattern and performance and acquisition program which he has carried on since he has been president and now board chairman as well.

Are there any specific qualities that seem to be universally in demand when a company is looking for a top executive?

Yes, basically a man must possess impeccable character, high ethics, integrity and the ability to command the respect of people to whom he reports, his coequals and his subordinates. A man has to be disqualified if any of these characteristics is missing.

Now, I think second in importance to clients is successful experience background in the specific areas in which they are interested.

And they all expect to find in a man someone who will be dedicated to the company's ideals and objectives, a man who will fit in well with a certain type of management team.

Do you notice any particular skills or traits or experience in high demand today?

Well, in the 25 years that I have been in this business, I have seen the emphasis move from the demand for general managers into the demand for marketing and sales executives when business was hard to get, then move over into areas of research and development, as companies were competing strongly to develop products, to the present time when our greatest activity is in the field of finance and accounting.

This is the fastest moving job category today—financial vice presidents and controllers.

Apparently business is getting more difficult to keep abreast of from the standpoint of taxes, acquisition activity, floating of stock issues, utilization of money, credit, money management and moving money in and out of international operations.

Are there any new trends in executive compensation? Is there more emphasis on cash now or on insurance or stock options?

Basically a man's compensation is his salary—part of which may be deferred—and, of course, a bonus plan, which can be deferred.

The only other important factor

is the stock option. Anything else you would have to lump under fringe benefits: Insurance, a car, country club dues, travel advantages.

A high percentage of executives are on a stock option plan, but this is not new. Executives have had a part of their compensation deferred for years.

I would say that because of rising costs and immediate problems of educating children, the higher cost of living, there is more emphasis today being placed by the executive on take-home pay—which is salary and the bonus they get once a year. And this is becoming of increasing importance.

How important is top executive talent as compared to other assets of a business?

The great variable today between companies in the same line of business is the quality or ability of the president or the management team that runs that company. All companies have access to the same advertising agencies, the same public accounting firms, the same raw material, the same legal firms, the same customers, the same machines, the same manpower.

The one variable is the man running that company, or the two or three men right around him.

It is my opinion that the well-being of this country at any one time is directly related to the total ability of top management of industry.

Are there certain companies or industries today that are wellsprings for the most capable executives?

Yes, old-line companies that over the years have made it a practice of bringing in thousands of college graduates, sometimes so many that there isn't an opportunity for all to find the opportunity they are looking for within the company.

I would mention companies like General Foods, Montgomery Ward, General Electric, U. S. Steel, RCA, Hughes Aircraft.

Now, this is really a credit to these companies that they have installed training programs and have developed these executives.

Many managers believe that they can size up people pretty well. Do you find that this ability is quite widespread?

I believe that most heads of companies are of the opinion that they are pretty good selectors of men. But appraising an executive is a scientific process. In evaluating a

man's qualifications, a great deal of it is statistical: Age, compensation, education, family, company, jobs held, number of times he has changed positions, community activities, health. These are all statistics.

Then you move over into the intangible side of the evaluation which is the difficult area where there is the greatest chance for error: Personality, ability, human relations, motivation, initiative, morals and a multitude of other factors.

Do you use personality testing?

We do not, as a part of our appraisal procedure. The men we interview are mostly well along in their business careers and testing generally is not necessary. However, some of our clients do test.

How does one of your associates judge whether the personality of a man is going to be the proper personality for the company that he is going into?



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By interviewing him. By checking him out, talking to people he has worked with.

Let me give you an example of the thoroughness with which we went about selecting a man to be the president of a large bank.

It was a very basic research job of looking into three or four hundred banks, the age of all the presidents and the age of all the executive vice presidents, whether the executive vice presidents were working for a young man or old man, whether the man might move and going out and interviewing these men.

Our research department uncovered the fact that in a certain bank there was an executive vice president about 50 who was working for a young president. He was obviously stymied.

He was with the right-sized bank, in the right-sized city, on the right kind of a job.

So I talked with two or three accounting and financial executives who knew him. They gave him a fine recommendation. Fine family, active in community affairs, a striking

appearance. This man appeared to be the banker I was looking for.

I talked with him on the phone. He was 1,000 miles from New York City. So I made an appointment to see him. He didn't know why I wanted to talk to him, except he knew that I was in the consulting business.

So I flew to that city. I sat down with the banker, and we talked a bit about two or three things that we had in common.

Then I put on the table the reason why I was there, that his name had been suggested as being well qualified to be the president of the large bank, and that I was aware of the fact that he was stymied under a young president and that I would assume he was frustrated and could have a great deal of interest in becoming the president of a large bank.

He said to me, "Well, Mr. Boyden, you know, after you figure in taxes, this improved salary wouldn't be as much of a factor in changing my position as you might think it would be."

This took 10 seconds for him to say, and I knew he was not the man for the job.

This man wasn't interested in moving. He didn't want to be a bank president. He was happy where he was.

There was no enthusiasm and no driving desire to go to the top of his profession.

So I got on the plane and flew back to New York.

That banker just did not have that something that you have got to have if you are going to be the president of a company, this something that makes American executives today climb to the top.

This characteristic drive and ambition and desire to achieve, does that usually come out pretty quickly when you interview a person for a job?

Yes. It is something that you can sense in a man. You sense it by his past achievements. You sense it by what people have said about him, and in talking with him: His expression of desire and interest, impatience to get ahead, ambition.

END

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What companies want most from young people

BY STERLING G. SLAPPEY

In the past 15 to 20 years possibly 15 to 20 million words have been printed on what bright-eyed, high-grade college graduates expect from companies they are willing to work for.

American companies spend millions of dollars every year—and now is the peak season—sending personnel recruiters to sound out graduates and talk with other young people who could be put on the executive track.

It's well known what the grads expect, but relatively little is written on what the companies expect of the youngsters.

The largest, best run, most progressive companies have definite ideas on what they are looking for.

Nearly every company wants communicators—young people who speak well and write clearly. Most companies now bear down hard on the search for socially conscious people. For some this is a departure from previous years.

Companies want personality projectors; they want competitors because competition from other companies increases; they want maturity; quiet enthusiasm (rather than any boisterous Joe College attitude); they want people with outside interests.

And, they want people who will stick with the company—loyalty. The job-hopper type is shunned.

Westinghouse Electric Corp. defines what it needs: "People interested in industry and in its desire to produce a profit while it is trying to improve society."

Qualities such as intelligence, aggressiveness, imagination, self-sufficiency are sought. In addition, Westinghouse looks for prospects who are prepared to discuss what they can contribute to the industry and to society and how they plan to use their education and training in the company's behalf.

Armstrong Cork Co. and Westinghouse were the

first, or among the first, large companies to go in for college recruiting. They started just after the turn of the century and have constantly expanded their search programs.

Armstrong needs 175 to 185 youngsters each year who stand out above the crowd. Armstrong wants to see evidence of maturity in the people to whom it is considering offering a well-paying, rewarding position.

Armstrong may not insist on the graduate being in the top half of his class if he has done extra work or had extra, attractive experiences. It is accepted that a student who is president of his senior class may have been busy and not made grades as high as he would have otherwise.

No effort is made to "sell" a man on Armstrong, the company's recruiters maintain. The student must have an interest in the company and the position. Furthermore, if he has dollar marks for eyeballs, Armstrong isn't quite so interested.

The company is now broadening its search for good students in junior colleges with the plan in mind that they will come to work for Armstrong immediately and finish their college education in night classes. This way they don't lose time and experience from work while they earn degrees. Armstrong will even assign a promising young junior college graduate to a company office in a city where special courses are available.

• • •

Every company has always wanted men of leadership, but how do you tell if a graduate has it or not? One long-recognized way is to check his outside activities. Was he an officer in campus clubs or just a member of the club? Was he on student councils?

Versatility, breadth of interest, the positive outlook, ability to express oneself, the ability to be master of one's fate and not to swim with the tide—those

Mr. Slappey, author of this month's column, is an associate editor of NATION'S BUSINESS.

TRENDS: TOMORROW'S BUSINESSMEN

are hallmarks which Dow Chemical Co. is on the lookout for.

Xerox Corp. looks for many things. One tactic it dislikes is for people to try to sell themselves to the highest bidder. Xerox especially distrusts people who take a cavalier attitude toward the recruiting process.

"We do not like having to prove ourselves," the company says.

"We try to determine if the 'chemistry' is right—the intangible qualities which help a man fit in with us comfortably. And we also seek people who have interests outside the business world and can see and understand the social responsibilities of businessmen and business organizations," the company tells NATION'S BUSINESS.

Innovators are in demand at Xerox, along with communicators. Adaptability and a spirit of adventure are prized. In the future, Xerox expects computers to play an increasing role in establishing contacts between companies and likely prospects. Also in the future Xerox expects to do more vocational counseling at the freshman and sophomore levels.

Radio Corporation of America wants a man with good scholastic achievements who "has been educated beyond the classroom."

RCA's man is a participator, not a spectator. He can be a participator in football or golf, or on the debating team, just so he participates.

When looking for engineers or other technical people, RCA wants top members of classes in the top universities who get top recommendations from their professors.

E. I. du Pont de Nemours and Co. interviews hundreds of prospects and bases its decision whether to offer jobs on professional competence, personal characteristics, motivation, practical intelligence, relationship with others, maturity, communications, leadership. Du Pont, a technically oriented company, aims the bulk of recruiting at technically trained people. However, many of the same personal characteristics sought in graduates from liberal arts universities are also sought in graduates from engineering schools.

Like so many companies, Du Pont is career oriented—not a revolving door.

Hippies are not welcomed by United Air Lines, but neither are they thrown out of the interview room on their hair-covered ears. "If a young man we interview appears promising, but sports a hippie appearance," United says, "we might suggest some changes and invite him to see us at a future date."

United's big search is on for what it calls the "promotable types." These are people who must be capable, intelligent, personable and have good character, in the company's view.

United notes changes in attitudes of college applicants in the past few years. Young people are more informed about business now, and this has made screening applicants more difficult.

Department managers accompany United recruiters to campuses so they can speak more fully on specifics of 170 managerial and professional classifications.

Efforts have been made to dispense with the glamor aspects of a big airline, even in United's stewardess hiring. Job content and opportunities for individual growth are the points stressed now.

"We have found that applicants appear to be less interested in fringe benefits and more on job content," United says. "Some come to interviews armed with annual reports with various points underlined. They are interested in such things as how we finance our aircraft. They also want to know how to get to the top in the company."

This attitude tends to put them on the wanted list.

Bethlehem Steel Corp. looks for desire to advance in the people it interviews. Integrity, which may seem old-fashioned to some people, is a priceless commodity at Bethlehem.

Emphasis is not placed solely on scholarship but rather on all-around attainment and leadership. Still the student who ranks in the upper half of his class gets an extra close look.

Dow Chemical sends 250 representatives to 330 colleges and universities.

It searches for "high energy" people. And how do you spot this? One part of the answer is: Find out what the student did with his summer vacations and spare time. If he lounged around, went swimming every day, just goofed off he's not likely to be highly energized.

• • •

Smaller organizations without teams of recruiters use a variety of other tactics to contact and judge new, key employees. One executive, William Rosenberg, board chairman, Dunkin' Donuts of America, Inc., franchise operation, used his son, Robert, as a recruiter. After the son got out of Harvard Business School, father Bill said, "Bobby, who were the smartest people in your class." Several were brought to the company to form a bright, young management team.

One company which requested that its name not be used says the initial impression of interviewers is all-important because the first minutes of a talk may decide whether the interview is pursued seriously. During these first few minutes, the applicant is appraised for his grooming, dress, poise and general appearance and attitude.

If he looks good then these are checked: verbal facility (another way of saying communication ability), personality, curiosity, maturity, judgment, drive, growth potential.

Curiosity is a trait that is highly valued.

Under the general heading "judgment," the company seeks to find why the applicant reached important decisions in his life. How did he select his school, his courses and, above all, why did he select his career?

This company, like practically every other one, wants people with a sense of humor.

Without it the applicant is lost in the company as, indeed, he is in the modern world.

How private is private enterprise?



Not very.

Like it or not, Washington's influence on business is considerable.

The bigger the business, the more involved it becomes in government relations.

And the bigger the involvement, the more its executives need to be kept completely up-to-date on events in Washington.

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